

**CONSOLIDATED INTERIM REPORT  
OF GLOBE TRADE CENTRE S.A. CAPITAL GROUP  
FOR THE THREE MONTH PERIOD ENDED 30 SEPTEMBER 2011**

Place and date of publication: Warsaw, 10 November 2011

## REPORT ON GROUP'S ACTIVITIES

IN THE THREE MONTH PERIOD ENDED 30 SEPTEMBER 2011

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## Item 1. Introduction

Globe Trade Centre S.A. Capital Group ("GTC") is one of the leading developers in Central, Eastern and Southern Europe. It was established in 1994 in Warsaw. Currently it operates in Poland, Hungary, the Czech Republic, Romania, Serbia, Croatia, Slovakia, Bulgaria, Russia and Ukraine. It develops properties and manages completed properties in three key sectors of real estate: office buildings and retail centers for rent, and residential units for the sale.

The Group has developed about 1,000,000 sq m of net space and currently is an owner of completed commercial properties with a combined net area of approximately 538,855 sq m. It also holds a portfolio of investment properties under development at various stages of development which will facilitate future construction of net rentable sealable area of 1.7 m sq m of commercial and residential space.

Its total assets amounted to €2,442,773 as at 30 September 2011, while its consolidated revenues were €41,614 in the three month period ended 30 September 2011.

The Group's headquarter is located in Warsaw, at 5 Woloska Street.

In the consolidated interim report references to the Company apply to Globe Trade Centre S.A. and all references to the Group or Capital Group apply to Globe Trade Centre S.A. and its consolidated subsidiaries. Expressions such as: „Shares” relates to the shares of Globe Trade Centre S.A., which were introduced to public trading on the Warsaw Stock Exchange in May 2004 and are marked with a code PLGTC0000037; „the Report” refers to the consolidated quarterly report prepared pursuant to art 87 section 10 of the Decree of the Finance Minister of 19 February 2009 on current and periodical information published by issuers of securities and conditions of qualifying as equivalent information required by provisions of law of a country not being a member state; “CEE” refers to the group of countries that are within the region of Central-Eastern Europe; “SEE” refers to the group of countries that are within the region of South-East Europe; “EUR”, “€” or “euro” refers to the single currency of the participating Member States in the Third Stage of European Economic and Monetary Union of the Treaty Establishing the European Community, as amended from time to time; “PLN” or “zloty” refers to the lawful currency of Poland.

## Presentation of financial information

Unless otherwise indicated, financial information presented in the Report was prepared pursuant to International Financial Reporting Standards (“IFRS”) as approved for use in the European Union.

All financial data in this document is presented in euro and expressed in thousands unless otherwise indicated. Certain financial information in this Report was adjusted by rounding. As a result, certain numerical figures shown as totals in this Report may not be exact arithmetic aggregations of the figures that precede them.

## Item 2. Selected financial data

The following tables set forth the Group's selected historical financial data for 3 and 9 month periods ended 30 September 2011 and 30 September 2010. The historical financial data should be read in conjunction with Item 5. “Presentation of operating and financial results” and the interim condensed consolidated financial statements for the nine month period ended 30 September 2011 (including the notes thereto). The Group has derived the financial data presented in accordance with IFRS from the interim condensed consolidated financial statements for nine month period ended 30 September 2011.

Selected financial data expressed in Polish zloty is derived from consolidated financial statements for nine month period ended 30 September 2011 prepared in Polish language and in Polish zloty.

The reader is advised not to view such conversions as a representation that such zloty amounts actually represent such euro amounts, or could be or could have been converted into euro at the rates indicated or at any other rate.

| (in thousands)   | For the three month period ended<br>30 September |             |                        |             | For the nine month period ended<br>30 September |             |             |             |
|--|--|-------------|------------------------|-------------|---|-------------|-------------|-------------|
|  | 2011   |             | 2010                   |             | 2011  |             | 2010        |             |
|  | €  | PLN         | €                      | PLN         | €   | PLN         | €           | PLN         |
| <b>Consolidated Income Statement</b>                                 |  |             |                        |             |   |             |             |             |
| Revenues from operations   | 41,614   | 172,162     | 36,709                 | 147,151     | 117,215   | 471,069     | 114,627     | 458,880     |
| Cost of operations   | (16,666)   | (68,843)    | (13,591)               | (54,482)    | (45,306)  | (182,078)   | (43,234)    | ((173,076)  |
| Gross margin from operations   | 24,948   | 103,319     | 23,118                 | 92,669      | 71,909  | 288,991     | 71,393      | 258,804     |
| Selling expenses   | (1,682)  | (6,975)     | (1,481)                | (5,935)     | (5,000)   | (20,094)    | (3,912)     | (15,661)    |
| Administrative expenses  | (1,547)  | (7,083)     | (2,976)                | (11,935)    | (14,853)  | (59,692)    | (11,513)    | (46,089)    |
| Profit/(loss) from revaluation/impairment of assets, net             | (140,146)  | (618,212)   | 2,637                  | 8,504       | (177,737)                                       | (768,071)   | 15,288      | 60,953      |
| Share of profit in associates  | (716)  | (2,941)     | 1,296                  | 5,195       | (1,698)   | (6,824)     | 3,928       | 15,725      |
| Financial income/(expense), net                                      | (30,179)   | (123,505)   | (16,980)               | (68,066)    | (64,288)  | (258,363)   | (52,956)    | (211,996)   |
| Profit for the period  | (162,802)  | (711,178)   | 4,813                  | 18,873      | (200,810)                                       | (862,530)   | 7,574       | 30,232      |
| Basic and diluted earnings per share (not in thousands)              | (0.60)   | (2.62)      | 0.04                   | 0.14        | (0.72)  | (3.09)      | 0.08        | 0.30        |
| Weighted average number of issued ordinary shares (not in thousands) | 219,372,990                                      | 219,372,990 | 219,372,990            | 219,372,990 | 219,372,990                                     | 219,372,990 | 219,372,990 | 219,372,990 |
| <b>Consolidated Cash Flow Statement</b>                              |  |             |                        |             |   |             |             |             |
| Net cash flow from operating activities                              | -  | -           | -                      | -           | 41,262  | (167,462)   | 42,755      | 171,169     |
| Net cash flow used in investing activities                           | -  | -           | -                      | -           | (57,058)  | (230,147)   | (108,734)   | (435,289)   |
| Cash flow used in financing activities                               | -  | -           | -                      | -           | (7,415)   | (29,801)    | 51,353      | 205,516     |
| Cash and cash equivalents at the end of the period                   | -  | -           | -                      | -           | 171,812   | 757,897     | 172,243     | 686,733     |
| <b>Consolidated balance sheet</b>                                    |  |             |                        |             |   |             |             |             |
| Investment property  | As of 30 September 2011                          |             | As of 31 December 2010 |             | As of 30 September 2010                         |             |             |             |
|  | €  | PLN         | €                      | PLN         | €   | PLN         |             |             |
| Investment property  |  |             | 1,777,762              | 7,842,064   | 2,117,609                                       | 8,386,267   | 2,053,522   | 8,187,392   |
| Inventory  |  |             | 147,887                | 652,359     | 201,807   | 799,216     | 220,578     | 879,444     |
| Cash and cash equivalents  |  |             | 171,812                | 757,897     | 191,732   | 759,316     | 172,243     | 686,733     |
| Total assets   |  |             | 2,442,773              | 10,775,559  | 2,728,428                                       | 10,805,393  | 2,738,858   | 10,919,826  |
| Non-current liabilities  |  |             | 1,164,688              | 5,137,671   | 1,486,945                                       | 5,888,747   | 1,528,929   | 6,095,839   |
| Current liabilities  |  |             | 414,592                | 1,828,852   | 188,625   | 747,015     | 211,449     | 843,049     |
| Equity   |  |             | 863,493                | 3,809,036   | 1,052,858                                       | 4,169,631   | 998,480     | 3,980,938   |
| Share capital  |  |             | 4,741                  | 21,937      | 4,741   | 21,937      | 4,741       | 21,937      |

### Item 3. Presentation of the Group

#### Item 3.1. Structure of the Group

The structure of Globe Trade Centre Capital Group as at 30 September 2011 is presented in the Interim Condensed Consolidated Financial Statements for the nine month periods ended 30 September 2011 in Note 5, "*Investment in Subsidiaries, Associates and Joint Ventures*".

#### Item 3.2. Changes to the principle rules of management of the Company and the Group

There were no changes to the principle rules of management of the Company and the Group.

### Item 4. Main events

On September 9, 2011, the Company signed with Erste Group Bank AG a facility for the purpose of refinancing Block 19a office Building's (Belgrade) existing loan. Under the facility agreement, the Erste will fund EUR 30 million. As of the date of these financial statements the borrower is in a process to fulfil condition precedents required under the facility agreement

On September 22, 2011, the Company signed with Erste Group Bank AG a facility for the purpose of refinancing Citigate's existing loan. Under the facility agreement, the Erste will fund EUR 100 million. As of the date of these financial statements the borrower is in a process to fulfil condition precedents required under the facility agreement.

GTC signed Head of Terms with Allianz Group regarding the sale of Platinum Business Park in Warsaw. Signing of the final agreement is subject to satisfactory due diligence and approvals of statutory bodies of both the buyer and the seller.

Platinum Business Park stand out for its award-winning architectural design, technical specifications, as well as quality of its tenants. The complex is located at the intersection of Domaniewska and Woloska streets in Warsaw. It consists of four completed buildings with a total of approx. 44,000 sq m, one building under construction consisting of 11,000 sq m and a site with building permit for another building consisting of 13,800 sq m.

The potential sale of buildings 5 and 6 is dependent on the achieved leasing and construction thresholds. The buildings' final price will reflect an investment yield of 6.7% on the net operating income of each building. GTC expects that upon the transaction approval and closing, the sale of buildings 1-4 for €134m will generate free cash of approximately €40m. Additionally, under full occupancy at the agreed threshold assumption, the sale of buildings No. 5 and No. 6 will free approximately €20-26m cash in 2012/13.

### Item 5. Presentation of operating and financial results

#### Item 5.1. Sources of revenues from operations

Revenues from operations consist of:

##### *Rental income*

Rental income consist of monthly rental payments paid by tenants of the Group's investment properties for the office or retail space that is rent by the tenants. Rental income is recognized as income over the lease term. Rental income was respectively 60% and 64% of the Group's revenues from operations in the three and nine month periods ended 30 September 2011 as compared to respectively 66% and 63% in the corresponding periods of 2010.

##### *Service income*

Service income comprise fees paid by the tenants of the Group's investment properties to cover the cost of services provided by the Group in relation to their leases. Service income was respectively 16% and 19% of the Group's revenues from operations in the three and nine month periods ended 30 September 2011 as compared to respectively 18% and 17% in the corresponding periods of 2010.

##### *Residential revenue*

Residential income comprise sale of houses or apartments. Income from the sale of houses and apartments is recognized when the houses or apartments have been substantially constructed, accepted by the customer and significant amount resulting from the sale agreement was paid by the buyer. Residential income was respectively 24% and 17% of the Group's revenues from operations in the three and nine month periods ended 30 September 2011 as compared to respectively 16% and 20% in the corresponding periods of 2010.

#### Item 5.2. Sources of cost of operations

Costs of operations consist of:

##### *Service cost*

Service cost consist of all the costs that are related to the management services provided to the individual tenants within the Group's properties. This cost is covered by service income. Service costs were respectively 48% and 57% of the Group's cost of operations in the three and nine month periods ended 30 September 2011 as compared to respectively 59% and 50% in the corresponding periods of 2010.

##### *Residential costs*

Residential costs consist of costs that are related to the development of residential properties sold. The costs related to the development of residential properties incurred during the construction period are capitalized in inventory. Once income is recognized, the costs in respect of sold units are expensed. Residential costs were respectively 52% and 43% of the Group's cost of operations in the three and nine month periods ended 30 September 2011 as compared to respectively 41% and 50% in the corresponding periods of 2010.

#### Item 5.3. Sources of selling expenses

Selling expenses include:

- (i) brokerage and similar fees incurred to originate lease or sale of space;
- (ii) marketing and advertising costs; and
- (iii) payroll and related expenses directly related to leasing or selling personnel.

#### Item 5.4. Sources of administration expenses

Administration expenses include:

- (i) payroll, management fees and other expense that include salaries of all employees that are not directly involved in sale or leasing activities;
- (ii) provisions made to account for share based incentive program that was granted to key personnel;
- (iii) cost related to the sale of investment properties;
- (iv) cost of audit, legal and other advisors;
- (v) office expenses,
- (vi) depreciation and amortization expenses include depreciation and amortization of the Group's property, plant and equipment,
- (vii) exchange gain/loss and
- (viii) others.

## Item 5.5. Sources of financial income and financial expenses

Financial income include interest on loans granted to associate companies and interest on bank deposits.

Financial expenses includes interest on borrowings and deferred debt rising expenses. Borrowing costs are expensed in the period in which they are incurred except for those that are directly attributable to construction. In such a case, borrowing costs are capitalized as part of the cost of the asset. Borrowing costs include interest and foreign exchange differences.

Additionally, financial income or expenses include settlement of financial assets and gain or losses arising from changes in fair value of derivatives that do not qualify for hedge accounting.

## Item 5.6. The main events that impacted the Group's business and its results in the three month period ended 30 September 2011

### 1. Macro economic environment

New stage of Eurozone crisis, which unveiled in August adversely impacted real estate and credit markets in the region, with particular severity in SEE. Continuation of European debt crisis and impact that it has on European financial markets, especially in the Balkans, resulted in further deterioration of the macroeconomic situation in some of the countries that we operate in, in particular in Romania Bulgaria, Hungary and Croatia.

Due to continued adverse market conditions mainly in Romania, Bulgaria, Croatia and Hungary, revaluations of investment property and impairments of residential projects were negative in the third quarter of 2011. The changes in value were determined by Management in consultation with its external appraisers, and mainly driven by reductions of Estimated Rental Value and postponements of planned developments. In some cases, downward valuations reflect short-term concessions given to tenants in order to improve or maintain occupancy. All the efforts taken by the Management today are focused to long-term value creation of all of its assets.

### 2. Sale of Galeria Mokotów

On 1 August 2011 GTC and Rodamco Central Europe B.V. signed the final agreement on the sale of 188,964 shares in Rodamco CH1 Sp. z o.o., the owner of the Shopping Center Galeria Mokotów in Warsaw. The sale price of the above mentioned shares was agreed at EUR 138,351 and is based on the balance sheet of Rodamco CH1 Sp. z o.o. as of 31 March 2011 and on the agreed value of Galeria Mokotów of EUR 475,000. The sale price was subject to the post-closing adjustment based on the balance sheet of Rodamco CH1 Sp. z o.o. as of 31 July 2011.

As a result, the results of Rodamco CH1 Sp. z o.o. were included in the financial statements of the GTC group for the one month only (July).

### 3. Sale of Platinum Business Park

GTC signed Head of Terms with Allianz Group regarding the sale of Platinum Business Park in Warsaw. Signing of the final agreement is subject to satisfactory due diligence and approvals of statutory bodies of both the buyer and the seller.

Platinum Business Park stand out for its award-winning architectural design, technical specifications, as well as quality of its tenants. The complex is located at the intersection of Domaniewska and Woloska streets in Warsaw. It consists of four completed buildings with a total of approx. 44,000 sq m, one building under construction consisting of 11,000 sq m and a site with building permit for another building consisting of 13,800 sq m.

The potential sale of buildings 5 and 6 is dependent on the achieved leasing and construction thresholds. The buildings' final price will reflect an investment yield of 6.7% on the net operating income of each building. GTC expects that upon the transaction approval and closing, the sale of buildings 1-4 for €134m will generate free cash of approximately €40m. Additionally, under full occupancy at the agreed threshold assumption, the sale of buildings No. 5 and No. 6 will free approximately €20-26m cash in 2012/13.



As of 30 September 2011, the Platinum Business Park office buildings, which were recognized so far as Investment Property, are presented as "Assets held for sale", and the related loans and hedges are presented within current liabilities. An amount of Euro 6.0 million representing hedge related to "Asset held for sale" was recognized as expense in the period

#### Item 5.7. Presentation of differences between achieved financial results and published forecasts

The Group did not publish forecasts for the year ended 31 December 2011 or for any of its interim periods.

#### Item 5.8. Review of the financial situation

##### *Comparison of financial situation as of 30 September 2011 and 31 December 2010*

The value of investment property decreased by €339,847 to €1,777,762 as at 30 September 2011 from €2,117,609 as at 31 December 2010. This change results mainly from reclassification of Platinum Business Park from investment property to assets held for sale (€134,100), due to conclusion of Head of Terms with Allianz Real Estate Germany GmbH and recognition of loss on revaluation of investment properties of €136,497 in the nine month period.

The value of inventory decreased by €53,920 to €147,887 on 30 September 2011 from €201,807 on 31 December 2010, mainly due to recognition of loss on revaluation and impairment of €41,240 and recognition as cost due to sale of inventory of €19,257. This was partially offset by completions of residential projects of €8,020

The value of cash and cash equivalents decreased by €19,920 to €171,812 on 30 September 2011 from €191,732 on 31 December 2010 mainly as a result of investments conducted during the nine months of 2011 of €151,964 partially offset by proceeds from sale of Galeria Mokotów of €133,967.

The value of derivatives (current and non current) increased by €26,649 to €95,974 on 30 September 2011 from €69,295 on 31 December 2010 as a result of revaluation of hedging instruments that were in place as at 30 September 2011.

The value of trade and other payables increased by €9,631 to €66,237 on 30 September 2011 from to €56,606 on 31 December 2010 resulting from works done under the contracts for the construction of investment properties that were done during the nine month period ended 30 September 2011 and not paid in the period.

The value of non current liabilities decreased by €322,257 to €1,164,688 on 30 September 2011 from to €1,486,945 on 31 December 2010 due to repayment of loan facility resulting from sale of Galeria Mokotów and reclassification of certain loan term liabilities to short term liabilities as same of assets faced temporary non-compliance with debt covenants as a result of an extended process of NOI stabilization. The Management is proactively addressing these issues and is currently in discussion with its lenders to obtain covenant resets and a rescheduling of loans if required. The affected loans have been reclassified as current liabilities until the terms of the loan agreements have been amended.

The value of current liabilities increased by €225,967 to €414,592 on 30 September 2011 from to €188,625 on 31 December 2010 due to repayment of loan facility resulting from sale of Galeria Mokotów and reclassification of certain loan term liabilities to short term liabilities as same of assets faced temporary non-compliance with debt covenants as a result of an extended process of NOI stabilisation. The Management is proactively addressing these issues and is currently in discussion with its lenders to obtain covenant resets and a rescheduling of loans if required. The affected loans have been reclassified as current liabilities until the terms of the loan agreements have been amended.

The equity decreased by €189,365 to €863,493 on 30 September 2011 from €1,052,858 on 31 December 2010, mainly due to a decrease in accumulated profit and a decrease in hedge reserve resulting from a decrease in value of hedges.

##### **Comparison of financial results for the three months ended 30 September 2011 with the result for the corresponding period of 2010**

##### *Revenues from operations*

Revenues from operations increased by 13% to €41,614 in the three months period ended 30 September 2011 from €36,709 in the corresponding period of 2010.

Rental revenues increased by 3% to €25,014 in the three months period ended 30 September 2011 from €24,382 in the corresponding period of 2010. An increase comes from assets that were completed after 30 September 2010, being Galeria Stara Zagora and Avenue Mall Osijek, despite lack of revenues from Galeria Mokotów recognised in August and September past sale of Asset. Some of GTC's properties are currently still under-occupied or in the lease free period as at 30 September 2011; thus there is a potential for rental revenue growth supported by an increase in occupancy.

Revenues from sale of residential properties increased by 71% to €9,941 in the three months period ended 30 September 2011 from €9,941 in the corresponding period of 2010 resulting from sale of a villas in Warsaw coupled with a slowdown in sale of residential properties and an increase in discounts for the buyers of apartments in the other countries of operations.

Service revenues increased by 2% to €6,659 in the three months period ended 30 September 2011 from €6,501 in the corresponding period of 2010 resulting from the new space that was completed after 30 September 2010.

#### *Cost of operations*

The cost of operation related to rental activity increased by 23% to €16,666 in the three months period ended 30 September 2011 from €13,591 in the corresponding period of 2010 resulting mainly from completion of new properties after 30 September 2010.

The cost of operation related to residential activity increased by 56% to €8,637 in the three months period ended 30 September 2011 from €5,537 in the corresponding period of 2010 as a results of recognition of cost of sold villas in Poland.

#### *Gross margin from operations*

The gross margin (profit) from operations increased by 8% to €24,948 in the three months period ended 30 September 2011 from €23,118 in the corresponding period of 2010.

The gross margin on rental activities increased by 4% to €23,644 in the three months period ended 30 September 2011 from €22,829 in the corresponding period of 2010. Gross margin on rental activities was 75%.

The gross margin on residential activities increased to €1,304 in the three months period ended 30 September 2011 from €289 in the corresponding period of 2010. Gross margin on residential activities was 13%.

#### *Selling expenses*

Selling expenses increased by 14% to €1,682 in the three months period ended 30 September 2011 from €1,481 in the corresponding period of 2010, mainly due to recognition of cost related to opening of Galleria Arad.

#### *Administration expenses*

Administration expenses decreased by 52% to €1,547 in the three months period ended 30 September 2011 from €2,979 in the corresponding period of 2010, mainly due to decrease in phantom share valuation.

#### *Loss from revaluation of investment properties, net*

Loss from revaluation and impairment of the Group's properties was €140,146 in the three months period ended 30 September 2011 as compared to profit of €2,637 in the corresponding period of 2010. Loss on investment properties has been recognized mostly due to euro debt crisis that caused a decrease in value in certain retail and residential projects in Romania, Bulgaria, Hungary and Croatia. The decrease in value was mostly due to a decrease in expected rental value and postponement of development.

#### *Financial income*

Interest income was fairly stable at €1,298 in the three months period ended 30 September 2011 as compared to €1,308 in the corresponding period of 2010.

### *Financial expenses*

During the period, financial expenses increased to €26,437 from €19,723 in the corresponding period of 2010, mainly due to recognition of one-off loss related to liquidation of hedges as part of Platinum Business Park sale of €6,020.

The average effective interest rate (including hedges) on the Group's loans during the three months ended 30 September 2011 was 5.5%.

### *Share of loss of associates*

Share of loss of associate was €716 in the three months period ended 30 September 2011 as compared to a profit of €1,296 in the corresponding period of 2010.

### *Income tax charge*

Income tax charge was €11,802 in the three months period ended 30 September 2011, mainly due strong euro, which caused an increase in the value of assets expressed in polish zloty and as a result higher income tax charge.

### *Net loss*

Net loss was €162,802 in the three months period ended 30 September 2011 as compared to €4,813 profit in the corresponding period of 2010, mainly due to loss on revaluation and impairment of properties.

Comparison of financial results for the nine months ended 30 September 2011 with the result for the corresponding period of 2010

### *Revenues from operations*

Revenues from operations increased to €117,215 in the nine months period ended 30 September 2011 from €114,627 in the corresponding period of 2010.

Rental revenues increased by 4% to €75,201 in the nine months period ended 30 September 2011 from €72,163 in the corresponding period of 2010. An increase comes from assets that were completed after 30 September 2010, being Galeria Stara Zagora and Avenue Mall Osijek, despite lack of revenues from Galeria Mokotów recognised in August and September past sale of Asset. Some of GTC's properties are currently still under-occupied or in the lease free period as at 30 September 2011; thus there is a potential for rental revenue growth supported by an increase in occupancy

Revenues from sale of residential properties decreased by 10% to €20,352 in the nine months period ended 30 September 2011 from €22,489 in the corresponding period of 2010 resulting from a slowdown of sale of residential properties coupled with an increase in discounts for the apartments, partially offset by sale of villas in Warsaw.

Service revenues increased by 8% to €21,662 in the nine months period ended 30 September 2011 from €19,975 in the corresponding period of 2010 resulting from the new assets that were completed after 30 September 2010.

### *Cost of operations*

The cost of operation related to rental activity increased by 5% to €45,306 in the nine months period ended 30 September 2011 from €43,234 in the corresponding period of 2010 resulting mainly from completion of new properties after 30 September 2010.

The cost of operation related to residential activity decreased by 11% to €19,257 in the nine months period ended 30 September 2011 from €21,684 in the corresponding period of 2010 as a results of slow down in the residential activity.

### *Gross margin from operations*

The gross margin (profit) from operations increased to €71,877 in the nine months period ended 30 September 2011 from €71,393 in the corresponding period of 2010.

The gross margin on residential activities increased by 36% to €1,095 in the three months period ended 30 September 2011 from €805 in the corresponding period of 2010. Gross margin on residential activities was 5%.

The gross margin on rental activities decreased slightly to €70,814 in the nine months period ended 30 September 2011 from €70,588 in the corresponding period of 2010. Gross margin on rental activities was 73%.

#### *Selling expenses*

Selling expenses increased by 28% to €5,000 in the nine months period ended 30 September 2011 from €3,912 in the corresponding period of 2010, mainly due to recognizing cost related to opening of Avenue Mall Osijek and Galleria Arad.

#### *Administration expenses*

Administration expenses increased by 29% to €14,853 in the nine months period ended 30 September 2011 from €11,513 in the corresponding period of 2010, mainly due to recognizing costs related to the sale of Galeria Makotów.

#### *Loss from revaluation of investment properties, net*

Loss from revaluation and impairment of the Group's properties was €177,737 in the nine months period ended 30 September 2011 as compared to profit of €15,288 in the corresponding period of 2010. Loss on investment properties has been recognized mostly due to euro debt crisis that caused a decrease in value in certain retail and residential projects in Romania, Bulgaria., Hungary and Croatia. The decrease in value was mostly due to decrease in expected rental value and postponement of development.

#### *Financial income*

Interest income was fairly stable at €3,395 in the nine months period ended 30 September 2011 compare to €3,624 in the corresponding period of 2010.

#### *Financial expenses*

During the nine months period ended 30 September 2011, financial expenses increased at €60,828 as compare to €54,160 in the corresponding period of 2010 mainly due to recognition of one-off losses related to liquidation hedges due to sale of Galeria Mokotów and Platinum Business Park sale of €8,104.

The average effective interest rate (including hedges) on the Group's loans during the nine months period ended 30 September 2011 was 5.5%.

#### *Share of loss of associates*

Share of loss of associate was €1,698 in the nine months period ended 30 September 2011 as compared to a profit of €3,928 in the corresponding period of 2010.

#### *Income tax charge*

Income tax charge was €6,268 in the nine months period ended 30 September 2011 mainly due strong euro, which caused an increase of value of assets expressed in polish zloty and as a result higher income tax charge partially offset by income tax benefit recognized from sale of Galeria Mokotów.

#### *Net loss*

Net loss was €200,810 in the nine months period ended 30 September 2011 as compared to profit €7,574 in the corresponding period of 2010, mainly due to loss on revaluation and impairment of properties.

## Other information

### *Capital expenditure*

Capex was € 151,964 in the nine months period ended 30 September as compared to €112,597 in the corresponding period of 2010.

### *Employment*

Average number of employees was 163 as at 30 September 2011 as compared to 163 as at 31 December 2010.

### *Liquidity and capital reserves*

The table below presents an extract of the cash flow for the period of nine months ended on 30 September 2011 and 30 September 2010, as adjusted for the analysis purposes

|                                       | Nine months ended |                   |
|---------------------------------------|-------------------|-------------------|
|                                       | 30 September 2011 | 30 September 2010 |
| Cash flow from operating activities   | 39,047            | 47,618            |
| Investment in real-estate and related | (151,964)         | (112,597)         |
| Cash flow from sale of investment     | 97,121            | -                 |
| Cash flow from financing activities   | (4,124)           | 52,574            |
| Net change                            | (19,920)          | (13,405)          |
| Cash at the beginning of the period   | 191,732           | 185,648           |
| Cash at the end of the period         | 171,812           | 172,243           |

### *Cash flow from operating activities*

Cash flow from operating activities was €39,047 in the nine months period ended 30 September 2011 as compared to €47,618 in the corresponding period of 2010, due to sale of Topaz and Nefryt office buildings in November 2010, sale of Galeria Mokotów in August 2011 and negative results of recently opened shopping centre as it is still in rent free period.

### *Investment in real-estate and related*

Investment in real-estate and related was €151,964 in the nine months period ended 30 September 2011 as compared to €112,597 in the corresponding period of 2010. The investment was mostly spent on Galleria Arad, Platinum Business Park, Galleria Burgas and Corius (Okęcie Business Park) development as well as land purchases in Poland and Romania.

### *Cash flow from sale of investment*

Cash flow from sale of investment was €97,121 in the nine months period ended 30 September 2011 resulting mainly from sale of Galeria Mokotów.

### *Cash flow from financing activities*

Cash flow from financing activities totaled €4,124 in the nine months period ended 30 September 2011 compared to €52,574 inflow in the corresponding period of 2010, mostly composed of proceeds from long term borrowings, net, of €32,771 and interest payment of €45,185.

Cash and cash equivalents as at 30 September 2011 was €171,812 when compared to €191,732 as at 31 December 2010. The Group keeps its cash in a form of bank deposits mostly in euro in various international banks.

#### Item 5.9. Future liquidity and capital resources

The Group expects that its principal future cash needs will be to fund: (i) development of office investment properties, (ii) development of retail investment properties, (iii) development of residential properties for sale, (iv) debt service and (v) purchase of plots for office and retail purposes. The Group believes that its cash balances and cash generated from leasing activities of its investment properties and sale of apartments and villas as well as cash available under its existing and future loan facilities will be the primary source for these needs. Additionally, the Group may generate cash from potential sale of its investment properties or raising funds in the capital market.

Non-current liabilities amounted to €1,164,688 as at 30 September 2011 as compared to €1,486,945 as at 31 December 2010.

The Group's total debt from long- and short-term loans and borrowings as at 30 September 2011 was €1,286,492. The Group's loans and borrowings are denominated in euro, except for the corporate bonds that are denominated in PLN, but converted into euro via swap transactions. Each loan, except for the bonds, is borrowed by a specific subsidiary that holds an underlying property.

The Group's loan to value ratio was 59% as compared to 57% in the corresponding period of 2010. The Group's strategy is to keep the loan to value ratio at the level of 40-60%.

#### Item 6. Information on granted guarantees

During the three month period the Group did not grant guarantees of the value that exceeds 10% of its capital.

#### Item 7. External and internal factors impacting the Group's business in the coming quarter

Additionally, to the market risks described in the annual report in note 10 there is a number of factors that may impact the Group's business in the quarter ending 31 December 2011, including:

1. economic condition of countries in which the Group operates;
2. condition of the income-producing property market in countries in which the Group operates;
3. condition of the Group's tenants;
4. potential sale of Platinum business Park.;
5. completion of Galleria Arad, a shopping mall located in Arad, Romania;
6. availability of financing for the Group's development projects and
7. interest rate fluctuations.

**Item 8. Shareholders who, directly or indirectly, have substantial shareholding**

The following table presents the Company's shareholders, who had substantial shareholding as of 30 September 2011. The table is prepared based on last official information published by the pension funds as at 31 December 2010 and on information received from GTC Real Estate Holding B.V.

| Shareholder                               | Number of shares held | % of share capital | Number of votes | % of votes |
|---|-----------------------|--------------------|-----------------|------------|
| GTC Real Estate Holding B.V. <sup>1</sup> | 60,882,815            | 27.75%             | 60,882,815      | 27.75%     |
| ING OFE                                   | 23,024,612            | 10.50%             | 23,024,612      | 10.50%     |
| AVIVA OFE                                 | 15,861,600            | 7.23%              | 15,861,600      | 7.23%      |

**Item 9. Shares and rights to shares of GTC held by members of the Management Board and the Supervisory Board**

***Shares held by members of the Management Board***

The following table presents shares owned directly or indirectly by members of the Company's Management Board as of 10 November 2011, the date of publication of this quarterly report, and changes in their holdings since the date of publication of Group's last financial report (interim report for the three and six month periods ended 30 June 2011) on 22 August 2011. The information included in the table is based on information received from members of our Management Board pursuant to Art. 160 sec. 1 of the Act on Public Trading.

| Management Board Member | Balance as of 10 November 2011 | Change since 22 August 2011 |
|-------------------------|--------------------------------|-----------------------------|
| Piotr Kroenke           | 205,418                        | No change                   |
| Erez Boniel             | 70,000                         | No change                   |
| Yovav Carmi             | 0                              | No change                   |
| Hagai Harel             | 205,470                        | No change                   |
| Mariusz Kozłowski       | 0                              | No change                   |
| Jacek Wachowicz         | 0                              | No change                   |
| Witold Zatoński         | 0                              | No change                   |

***Phantom shares held by members of the Management Board***

The following table presents phantom shares owned directly or indirectly by members of the Company's Management Board as of 30 September 2011 since 30 June 2011. The phantom shares granted to the members of the Management Board are subject to Supervisory Board decision on the equity settlement.

| Management Board Member | Balance as of 30 September 2011 | Change since 30 June 2011 |
|-------------------------|---------------------------------|---------------------------|
| Piotr Kroenke           | 278,253                         | Increase of 26,751        |
| Erez Boniel             | 278,253                         | Increase of 26,751        |
| Yovav Carmi             | 75,006                          | Increase of 25,002        |
| Hagai Harel             | 278,253                         | Increase of 26,751        |
| Mariusz Kozłowski       | 80,253                          | Increase of 26,751        |
| Jacek Wachowicz         | 9,378                           | Increase of 3,126         |
| Witold Zatoński         | 56,250                          | Increase of 18,750        |

<sup>1</sup> GTC Real Estate Holding B.V. is a wholly owned subsidiary of Kardan N.V.

### *Shares of GTC held by members of the Supervisory Board*

The following table presents shares owned directly or indirectly by members of the Company's Supervisory Board as of 10 November 2011, the date of publication of this quarterly report, and changes in their holdings since the date of publication of Group's last financial report (interim report for the three and six month periods ended 30 June 2011) on 22 August 2011. The information included in the table is based on information received from members of our Management Board pursuant to Art. 160 sec. 1 of the Act on Public Trading.

| Supervisory Board Member | Balance as of 10 November 2011 | Change since 22 August 2011 |
|--------------------------|--------------------------------|-----------------------------|
| Eli Alroy                | 226,240                        | Increase of 15,000          |
| David Brush              | 0                              | No change                   |
| Mariusz Grendowicz       | 7,000                          | No change                   |
| Yosef Grunfeld           | 0                              | No change                   |
| Artur Kucharski          | 0                              | No change                   |
| Alain Ickovics           | 0                              | No change                   |
| Jan Slootweg             | 0                              | No change                   |

### *Phantom shares of GTC held by members of the Supervisory Board*

The following table presents phantom shares owned directly or indirectly by members of the Company's Supervisory Board as of 30 September 2011 since 31 June 2011.

| Supervisory Board Member | Balance as of 30 September 2011 | Change since 30 June 2011 |
|--------------------------|---------------------------------|---------------------------|
| Eli Alroy                | 3,597,000                       | Increase of 249,000       |
| David Brush              | 0                               | No change                 |
| Mariusz Grendowicz       | 0                               | No change                 |
| Yosef Grunfeld           | 0                               | No change                 |
| Artur Kucharski          | 0                               | No change                 |
| Alain Ickovics           | 0                               | No change                 |
| Jan Slootweg             | 0                               | No change                 |

### **Item 10. Material transactions with related parties concluded on terms other than market terms**

The Group did not conduct any material transactions with the related parties that are not based on arms length basis.

### **Item 11. Proceedings before a court or public authority of Globe Trade Centre SA or its subsidiaries, with the total value of liabilities or claims of at least 10% of the Company's equity**

There are no individual proceeding or group of proceedings before a court or public authority involving Globe Trade Centre SA or its subsidiaries, with the total value of liabilities or claims of 10% or more of the Company's equity.



**Report on review of interim condensed consolidated financial statements  
to the general shareholders meeting of Globe Trade Centre S.A.**

*Introduction*

We have reviewed the attached interim condensed consolidated statement of financial position of Globe Trade Centre S.A. ('the Company') as at 30 September 2011 and the related interim condensed consolidated income statement, interim condensed consolidated statement of comprehensive income, interim condensed consolidated statement of changes in equity, interim condensed consolidated statement of cash flows for the nine-month period then ended, and notes ('the attached interim condensed consolidated financial statements').

Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting' as adopted by the European Union ('IAS 34'). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

*Scope of review*

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

*Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the attached interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

We also reported on 9 November 2011 separately on the interim condensed consolidated financial statements of Globe Trade Centre S.A. for the same period prepared in accordance with IAS 34 using PLN as the presentation currency.

*Ernst & Young Audit Sp z o.o.*

Ernst & Young Audit sp. z o.o.

Warsaw, 9 November 2011

**GLOBE TRADE CENTRE S.A.**

**IFRS INTERIM CONDENSED CONSOLIDATED FINANCIAL  
STATEMENTS  
FOR THE NINE-MONTH PERIOD ENDED  
30 SEPTEMBER 2011  
TOGETHER WITH INDEPENDENT AUDITORS' REVIEW  
REPORT**

**Globe Trade Centre S.A.**  
**Interim Condensed Consolidated Statement of Financial Position**  
**as of 30 September 2011**  
**(in thousands of Euro)**

|  | <u>Note</u> | 30<br>September<br>2011<br><i>(unaudited)</i> | 30<br>September<br>2010<br><i>(unaudited)</i> | <u>31<br/>December<br/>2010</u> |
|--|-------------|---|---|---------------------------------|
| <b>ASSETS</b>  |             |   |   |                                 |
| <b>Non current assets</b>                            |             |   |   |                                 |
| Investment property                                  | 11          | 1,777,762                                     | 2,053,522                                     | 2,117,609                       |
| Residential landbank                                 | 12          | 54,983  | 52,282  | 52,389                          |
| Investment in associates                             | 10          | 56,260  | 55,031  | 56,346                          |
| Loans granted and other receivables                  |             | 21,355  | 26,789  | 19,644                          |
| Property, plant and equipment                        |             | 1,871   | 2,445   | 2,025                           |
| Deferred tax asset                                   |             | 11,061  | 8,352   | 7,661                           |
| Long-term deposits                                   |             | -   | 625   | 625                             |
| Goodwill   | 11          | -   | 2,741   | 2,741                           |
| Other non-current assets                             |             | 114   | 293   | 73                              |
|  |             | <b>1,923,406</b>                              | <b>2,202,080</b>                              | <b>2,259,113</b>                |
| <b>Assets held for sale</b>                          | 6, 19       | <b>134,100</b>                                | <b>78,900</b>                                 | -                               |
| <b>Current Assets</b>                                |             |   |   |                                 |
| Inventory  | 12          | 147,887                                       | 220,578                                       | 201,807                         |
| Advances to contractors                              |             | -   | 4,080   | 2,116                           |
| Debtors  |             | 6,273   | 8,335   | 7,874                           |
| Accrued income                                       |             | 536   | 326   | 1,038                           |
| VAT and other tax recoverable                        |             | 19,266  | 20,087  | 22,085                          |
| Income tax recoverable                               |             | 1,169   | 1,002   | 1,321                           |
| Prepayments, deferred expenses and other receivables | 17          | 6,755   | 4,523   | 3,146                           |
| Short-term deposits                                  |             | 31,569  | 26,704  | 38,196                          |
| Cash and cash equivalents                            |             | 171,812                                       | 172,243                                       | 191,732                         |
|  |             | <b>385,267</b>                                | <b>457,878</b>                                | <b>469,315</b>                  |
| <b>TOTAL ASSETS</b>                                  |             | <b>2,442,773</b>                              | <b>2,738,858</b>                              | <b>2,728,428</b>                |

The accompanying notes are an integral part of this interim Condensed Consolidated Statement of Financial Position

**Globe Trade Centre S.A.**  
**Interim Condensed Consolidated Statement of Financial Position**  
**as of 30 September 2011**  
**(in thousands of Euro)**

|  | <u>Note</u> | <u>30</u><br><u>September</u><br><u>2011</u><br><i>(unaudited)</i> | <u>30</u><br><u>September</u><br><u>2010</u><br><i>(unaudited)</i> | <u>31 December</u><br><u>2010</u> |
|--|-------------|--|--|-----------------------------------|
| <b>EQUITY AND LIABILITIES</b>                              |             |  |  |                                   |
| <b>Equity attributable to equity holders of the parent</b> |             |  |  |                                   |
| Share capital  | 14          | 4,741  | 4,741  | 4,741                             |
| Share premium  |             | 214,280  | 214,280  | 214,280                           |
| Capital reserve  |             | 19,122   | 13,306   | 18,300                            |
| Hedge reserve  |             | (32,992)   | (56,379)   | (40,580)                          |
| Foreign currency translation                               |             | 5,917  | 3,194  | 3,550                             |
| Accumulated profit   |             | 650,537  | 783,244  | 808,503                           |
|  |             | <b>861,605</b>   | <b>962,386</b>   | <b>1,008,794</b>                  |
| Non-controlling interest                                   |             | 1,888  | 36,094   | 44,064                            |
| <b>Total Equity</b>  |             | <b>863,493</b>   | <b>998,480</b>   | <b>1,052,858</b>                  |
| <b>Non current Liabilities</b>                             |             |  |  |                                   |
| Long-term portion of long-term loans and bonds             | 13          | 967,642  | 1,318,378  | 1,294,879                         |
| Deposits from tenants                                      |             | 4,599  | 6,513  | 5,861                             |
| Long term payable  |             | 373  | 489  | 546                               |
| Provision for share based payment                          |             | 1,899  |  | 4,174                             |
| Derivatives  |             | 75,493   | 76,747   | 54,223                            |
| Financial liability  |             | -  | 200  | 200                               |
| Provision for deferred tax liability                       |             | 114,682  | 126,602  | 127,062                           |
|  |             | <b>1,164,688</b>   | <b>1,528,929</b>   | <b>1,486,945</b>                  |
| <b>Current liabilities</b>                                 |             |  |  |                                   |
| Trade and other payables                                   |             | 66,237   | 59,534   | 56,606                            |
| Current portion of long-term loans and bonds               | 13          | 318,850  | 110,473  | 83,229                            |
| Financial liability  |             | 200  | 200  | 200                               |
| VAT and other taxes payable                                |             | 1,373  | 1,702  | 19,989                            |
| Income tax payable   |             | 1,692  | 2,347  | 1,427                             |
| Derivatives  |             | 20,481   | 21,050   | 15,072                            |
| Advances received  |             | 5,759  | 16,143   | 12,102                            |
|  |             | <b>414,592</b>   | <b>211,449</b>   | <b>188,625</b>                    |
| <b>TOTAL EQUITY AND LIABILITIES</b>                        |             | <b>2,442,773</b>   | <b>2,738,858</b>   | <b>2,728,428</b>                  |

The accompanying notes are an integral part of this interim Condensed Consolidated Statement of Financial Position

**Globe Trade Centre S.A.**  
**Interim Condensed Consolidated Income Statement**  
**for the nine-month period ended 30 September 2011**  
**(in thousands of Euro)**

|  | Note  | <u>Nine-month period ended</u><br><u>30 September</u><br><i>(unaudited)</i> |               | <u>Three-month period</u><br><u>ended 30 September</u><br><i>(unaudited)</i> |               | <u>Year ended</u><br><u>31</u><br><u>December</u> |
|--|-------|---|---------------|--|---------------|---|
|  |       | <u>2011</u>   | <u>2010</u>   | <u>2011</u>  | <u>2010</u>   | <u>2010</u>                                       |
| Revenues from operations   | 7     | 117,215   | 114,627       | 41,614   | 36,709        | 169,008   |
| Cost of operations   | 8     | (45,306)  | (43,234)      | (16,666)   | (13,591)      | (72,314)  |
| <b>Gross margin from operations</b>                                |       | <b>71,909</b>   | <b>71,393</b> | <b>24,948</b>  | <b>23,118</b> | <b>96,694</b>                                     |
| Selling expenses   |       | (5,000)   | (3,912)       | (1,682)  | (1,481)       | (6,297)   |
| Administration expenses  | 6, 19 | (14,853)  | (11,513)      | (1,547)  | (2,976)       | (21,681)  |
| Profit (loss) from revaluation/<br>impairment of assets            | 11    | (136,497)   | 15,288        | (101,401)  | 2,637         | 46,668  |
| Impairment of residential projects                                 | 12    | (41,240)  | -             | (38,745)   | -             | (3,501)   |
| Other income   |       | 311   | 393           | 144  | 92            | 604   |
| Other expenses   |       | (3,186)   | (1,346)       | (1,822)  | (611)         | (1,889)   |
| <b>Profit (loss) from continuing<br/>operations before tax and</b> |       | <b>(128,556)</b>  | <b>70,303</b> | <b>(120,105)</b>   | <b>20,779</b> | <b>110,598</b>                                    |
| Foreign exchange differences                                       |       | (6,855)   | (2,420)       | (5,040)  | 1,435         | (1,629)   |
| Interest income  |       | 3,395   | 3,624         | 1,298  | 1,308         | 4,924   |
| Financial expense  |       | (60,828)  | (54,160)      | (26,437)   | (19,723)      | (72,815)  |
| Share of profit (loss) of associates                               |       | (1,698)   | 3,928         | (716)  | 1,296         | 4,667   |
| <b>Profit (loss) before tax</b>                                    |       | <b>(194,542)</b>  | <b>21,275</b> | <b>(151,000)</b>   | <b>5,095</b>  | <b>45,745</b>                                     |
| Taxation   |       | (6,268)   | (13,701)      | (11,802)   | (282)         | (17,113)  |
| <b>Profit (loss) for the period</b>                                |       | <b>(200,810)</b>  | <b>7,574</b>  | <b>(162,802)</b>   | <b>4,813</b>  | <b>28,632</b>                                     |
| <b>Attributable to:</b>  |       |   |               |  |               |   |
| Equity holders of the parent                                       |       | (157,966)   | 16,677        | (131,733)  | 7,973         | 41,936  |
| Non-controlling interest   |       | (42,844)  | (9,103)       | (31,069)   | (3,160)       | (13,304)  |
| Basic earnings per share (Euro)                                    | 15    | (0.72)  | 0.08          | (0.60)   | 0.04          | 0.19  |
| Diluted earnings per share (Euro)                                  | 15    | (0.72)  | 0.08          | (0.60)   | 0.04          | 0.19  |

The accompanying notes are an integral part of this interim Condensed Consolidated Income Statement

**Globe Trade Centre S.A.**  
**Interim Condensed Consolidated Statement of Comprehensive Income**  
**for the nine-month period ended 30 September 2011**  
**(in thousands of Euro)**

|   | <u>Nine-month period ended 30<br/>September</u> |                             | <u>Three-month period ended 30<br/>September</u> |                             | <u>Year ended<br/>31 December</u> |
|---|---|-----------------------------|--|-----------------------------|-----------------------------------|
|   | <i>2011<br/>(unaudited)</i>                     | <i>2010<br/>(unaudited)</i> | <i>2011<br/>(unaudited)</i>                      | <i>2010<br/>(unaudited)</i> | 2010                              |
| <b>Profit (loss) for the<br/>period/year</b>                              | <b>(200,810)</b>                                | <b>7,574</b>                | <b>(162,802)</b>                                 | <b>4,813</b>                | <b>28,632</b>                     |
| Gain/(loss) on hedge<br>transactions                                      | 9,339   | (22,961)                    | (7,854)  | 1,201                       | (3,470)                           |
| Income tax  | (1,751)   | 4,389                       | 1,493  | (218)                       | 697                               |
| Net gain/loss on hedge<br>transactions                                    | <b>7,588</b>                                    | <b>(18,572)</b>             | <b>(6,361)</b>                                   | <b>983</b>                  | <b>(2,773)</b>                    |
| Exchange differences on<br>translation of foreign<br>operations           | 1,843   | 3,018                       | (1,192)  | 13                          | 3,372                             |
| <b>Total comprehensive<br/>income for the<br/>period/year, net of tax</b> | <b>(191,379)</b>                                | <b>(7,980)</b>              | <b>(170,355)</b>                                 | <b>5,809</b>                | <b>29,231</b>                     |
| <b>Attributable to:</b>   |   |                             |  |                             |                                   |
| Equity holders of the<br>parent   | (148,011)                                       | 1,156                       | (138,617)  | 8,947                       | 42,570                            |
| Non-controlling interest  | (43,368)  | (9,136)                     | (31,738)   | (3,138)                     | (13,339)                          |

The accompanying notes are an integral part of this interim Condensed Consolidated Statement of Comprehensive Income

**Globe Trade Centre S.A.**  
**Interim Condensed Consolidated Statement of Changes in Equity**  
**for the nine-month period ended 30 September 2011**  
**(in thousands of Euro)**

|  | Issued and paid in share capital | Share premium  | Capital reserve | Hedge reserve   | Foreign currency translation | Accumulated profit | Total          | Minority interest | Total            |
|--|----------------------------------|----------------|-----------------|-----------------|------------------------------|--------------------|----------------|-------------------|------------------|
| <b>Balance as of 1 January 2010</b>                        | <b>4,741</b>                     | <b>214,280</b> | <b>16,296</b>   | <b>(37,807)</b> | <b>143</b>                   | <b>766,567</b>     | <b>964,220</b> | <b>46,511</b>     | <b>1,010,731</b> |
| Other comprehensive income                                 |                                  |                |                 | (18,572)        | 3,051                        |                    | (15,521)       | (33)              | (15,554)         |
| Profit (loss) for the nine month period ended 30 September |                                  |                |                 |                 |                              | 16,677             | 16,677         | (9,103)           | 7,574            |
| <b>Total comprehensive income for the period</b>           |                                  |                |                 | <b>(18,572)</b> | <b>3,051</b>                 | <b>16,677</b>      | <b>1,156</b>   | <b>(9,136)</b>    | <b>(7,980)</b>   |
| Issuance of shares to minorities (see note 6)              |                                  |                | (3,162)         |                 |                              |                    | (3,162)        | 3,922             | 760              |
| Change due to acquisition of shares in subsidiaries        |                                  |                |                 |                 |                              |                    | -              | (5,203)           | (5,203)          |
| Share based payment (see note 14)                          |                                  |                | 172             |                 |                              |                    | 172            |                   | 172              |
| <b>Balance as of 30 September 2010 (unaudited)</b>         | <b>4,741</b>                     | <b>214,280</b> | <b>13,306</b>   | <b>(56,379)</b> | <b>3,194</b>                 | <b>783,244</b>     | <b>962,386</b> | <b>36,094</b>     | <b>998,480</b>   |

  

|  | Issued and paid in share capital | Share premium  | Capital reserve | Hedge reserve   | Foreign currency translation | Accumulated profit | Total            | Non-controlling interest | Total            |
|--|----------------------------------|----------------|-----------------|-----------------|------------------------------|--------------------|------------------|--------------------------|------------------|
| <b>Balance as of 1 January 2010</b>                              | <b>4,741</b>                     | <b>214,280</b> | <b>16,296</b>   | <b>(37,807)</b> | <b>143</b>                   | <b>766,567</b>     | <b>964,220</b>   | <b>46,511</b>            | <b>1,010,731</b> |
| Other comprehensive income                                       | -                                | -              | -               | (2,773)         | 3,407                        | -                  | 634              | (35)                     | 599              |
| Profit (loss) for the year ended 31 December 2010                | -                                | -              | -               | -               | -                            | 41,936             | 41,936           | (13,304)                 | 28,632           |
| <b>Total comprehensive income for the period</b>                 | <b>-</b>                         | <b>-</b>       | <b>-</b>        | <b>(2,773)</b>  | <b>3,407</b>                 | <b>41,936</b>      | <b>42,570</b>    | <b>(13,339)</b>          | <b>29,231</b>    |
| Acquisition of shares in subsidiaries                            | -                                | -              | -               | -               | -                            | -                  | -                | (5,203)                  | (5,203)          |
| Transactions with non controlling interest                       | -                                | -              | 253             | -               | -                            | -                  | 253              | 16,095                   | 16,348           |
| Share based payment  | -                                | -              | 1,980           | -               | -                            | -                  | 1,980            | --                       | 1,980            |
| Exercised share based payment                                    | -                                | -              | (229)           | -               | -                            | -                  | (229)            |                          | (229)            |
| <b>Balance as of 31 December 2010</b>                            | <b>4,741</b>                     | <b>214,280</b> | <b>18,300</b>   | <b>(40,580)</b> | <b>3,550</b>                 | <b>808,503</b>     | <b>1,008,794</b> | <b>44,064</b>            | <b>1,052,858</b> |
| Other comprehensive income                                       | -                                | -              | -               | 7,588           | 2,367                        |                    | 9,955            | (524)                    | 9,431            |
| Profit (loss) for the period ended 30 September 2011 (unaudited) | -                                | -              | -               | -               | -                            | (157,966)          | (157,966)        | (42,844)                 | (200,810)        |
| <b>Total comprehensive income for the period</b>                 | <b>-</b>                         | <b>-</b>       | <b>-</b>        | <b>7,588</b>    | <b>2,367</b>                 | <b>(157,966)</b>   | <b>(148,011)</b> | <b>(43,368)</b>          | <b>(191,379)</b> |
| Issuance of shares to non controlling interest                   | -                                | -              | -               | -               | -                            | -                  | -                | 1,000                    | 1,000            |
| Other transactions   | -                                | -              | 92              | -               | -                            | -                  | 92               | 192                      | 284              |
| Share based payment  | -                                | -              | 730             | -               | -                            | -                  | 730              | -                        | 730              |
| <b>Balance as of 30 September 2011</b>                           | <b>4,741</b>                     | <b>214,280</b> | <b>19,122</b>   | <b>(32,992)</b> | <b>5,917</b>                 | <b>650,537</b>     | <b>861,605</b>   | <b>1,888</b>             | <b>863,493</b>   |

The accompanying notes are an integral part of this interim Condensed Consolidated Statement of Changes in Equity

**Globe Trade Centre S.A.**  
**Interim Condensed Consolidated Statement of Cash Flows**  
**for the nine-month period ended 30 September 2011**  
**(in thousands of Euro)**

|   | <u>Nine-month<br/>period ended<br/>30 September<br/>2011</u><br><i>(unaudited)</i> | <u>Nine-month<br/>period ended<br/>30 September<br/>2010</u><br><i>(unaudited)</i> | <u>Year ended<br/>31 December<br/>2010</u> |
|---|--|--|--|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>  |  |  |  |
| Profit (loss) before tax  | (194,542)  | 21,275   | 45,745                                     |
| <b>Adjustments for:</b>   |  |  |  |
| Revaluation/Impairment of assets (including residential projects)   | 177,737  | (15,288)   | (43,167)                                   |
| Share of (profit) loss of associates  | 1,698  | (3,928)  | (4,667)                                    |
| Foreign exchange differences loss, net  |  | -  | 1,057                                      |
| Finance income  | (3,395)  | (3,624)  | (4,924)                                    |
| Finance expenses  | 60,614   | 54,160   | 72,815                                     |
| Share based payment   | (1,545)  | 172  | 6,154                                      |
| Depreciation and amortization   | 515  | 388  | 547  |
| <b>Operating cash before working capital changes</b>  | <b>41,082</b>  | <b>53,155</b>  | <b>73,560</b>                              |
| Decrease/(increase) in debtors and prepayments and other current assets   | 745  | 688  | 2,479                                      |
| Decrease/ (Increase) in inventory   | 9,417  | 2,693  | 17,924                                     |
| Increase/(decrease) in advances received  | (6,152)  | (5,736)  | (5,734)                                    |
| Increase/(decrease) in trade and other payables   | (1,795)  | (1,508)  | (1,970)                                    |
| <b>Cash generated from/ (used in) operations</b>  | <b>43,297</b>  | <b>49,292</b>  | <b>86,259</b>                              |
| Tax paid in the period  | (2,035)  | (6,537)  | (8,629)                                    |
| <b>Net cash from (used) in operating activities</b>   | <b>41,262</b>  | <b>42,755</b>  | <b>77,630</b>                              |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>  |  |  |  |
| Purchase of non current assets  | (150,833)  | (100,571)  | (135,167)                                  |
| Purchase of shares in associates  | (399)  | -  | -  |
| Acquisition of subsidiaries, net of cash acquired   | (a) (4,650)  | (9,393)  | (9,393)                                    |
| sale of subsidiaries, net of cash disposed of   | (b) 133,967  | -  | 95,943                                     |
| Tax / VAT on sale of investment property  | (36,846)   | -  | (5,447)                                    |
| Dividend received   | 1,682  | -  | -  |
| Interest received   | 1,688  | 2,152  | 2,968                                      |
| Lease origination expenses  | (608)  | (940)  | (806)                                      |
| Loans granted   | (1,059)  | (970)  | (978)                                      |
| Loans repayments  | -  | 988  | 989  |
| <b>Net cash used in investing activities</b>  | <b>(57,058)</b>  | <b>(108,734)</b>   | <b>(51,891)</b>                            |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>   |  |  |  |
| Proceeds from the issuance of share in subsidiaries to non-controlling interest   | 1,000  | 759  | 759  |
| Proceeds from long-term borrowings  | 104,128  | 155,084  | 188,397                                    |
| Repayment of long-term borrowings   | (71,357)   | (67,322)   | (129,737)                                  |
| Repayment of financial liability  | (409)  | -  | -  |
| Interest paid   | (45,185)   | (39,349)   | (67,963)                                   |
| Loans origination cost  | (775)  | (1,716)  | (3,841)                                    |
| Increase (decrease) in short term deposits  | 5,534  | 3,229  | (8,273)                                    |
| Increase (decrease) in deposits received from tenants   | (351)  | 668  | -  |
| <b>Net cash from (used in) financing activities</b>   | <b>(7,415)</b>   | <b>51,353</b>  | <b>(20,658)</b>                            |
| <b>Effect of foreign currency translation</b>   | <b>3,291</b>   | <b>1,221</b>   | <b>1,003</b>                               |
| <b>Net increase / (decrease) in cash and cash equivalents</b>   | <b>(19,920)</b>  | <b>(13,405)</b>  | <b>6,084</b>                               |
| <b>Cash and cash equivalents, at the beginning of the period/year</b>   | <b>191,732</b>   | <b>185,648</b>   | <b>185,648</b>                             |
| <b>Cash and cash equivalents, at the end of the period/year as per Interim Condensed Consolidated Statement of Financial Position</b> | <b>171,812</b>   | <b>172,243</b>   | <b>191,732</b>                             |

The accompanying notes are an integral part of this interim Condensed Consolidated Cash Flow Statement



**Globe Trade Centre S.A.**  
**Interim Condensed Consolidated Statement of Cash Flows**  
**for the nine-month period ended 30 September 2011**  
**(in thousands of Euro)**

**(a) Purchase of shares in subsidiaries and joint venture, net of cash acquired**

|   | <u>Nine-month period ended</u><br><u>30 September 2011 (*)</u><br><i>(unaudited)</i> | <u>Nine-month period ended</u><br><u>30 September 2010</u><br><i>(unaudited)</i> | <u>Year ended</u><br><u>31 December 2010</u> |
|---|--|--|--|
| Investment property   | (29,251)   | (60,275)   | (60,275)                                     |
| Working capital (net of cash acquired)                          | 24,601   | (483)  | (483)  |
| Interest bearing loans and borrowings                           |  | 30,502   | 30,502                                       |
| Long term receivables   |  | 28,807   | 28,807                                       |
| Goodwill  |  | (2,741)  | (2,741)                                      |
| Non controlling interests                                       |  | (5,203)  | (5,203)                                      |
| <b>Purchase of shares in subsidiaries, net of cash acquired</b> | <b>(4,650)</b>   | <b>(9,393)</b>   | <b>(9,393)</b>                               |

\*All purchases were asset deal.

\* Further described in note 6.

**(b) Selling of shares in subsidiaries, net of cash disposed of**

|   | <u>Nine-month period ended</u><br><u>30 September</u><br><u>2011</u><br><i>(unaudited)</i> | <u>Nine-month period ended</u><br><u>30 September</u><br><u>2010</u><br><i>(unaudited)</i> | <u>Year ended</u><br><u>31 December</u><br><u>2010</u> |
|---|--|--|--|
| Investment property                           | 237,565  | -  | -  |
| Other assets (net of cash)                    | 2,412  | -  | -  |
| Cash  | 5,010  | -  | -  |
| Derivatives                                   | (2,572)  | -  | -  |
| Interest bearing loans and borrowings         | (99,640)   | -  | -  |
| Provision for deferred tax liability          | (674)  | -  | -  |
| Other liabilities                             | (3,124)  | -  | -  |
| <b>Total Carrying Value of Assets sold</b>    | <b>138,977</b>   | <b>-</b>   | <b>-</b>   |
| Cash in subsidiary disposed of                | (5,010)  | -  | -  |
| <b>Total received net of cash disposed of</b> | <b>133,967</b>   | <b>-</b>   | <b>-</b>   |

**Globe Trade Centre S.A.**  
**Notes to the Interim Condensed Consolidated Financial Statements**  
**for the nine-month period ended 30 September 2011**  
**(in thousands of Euro)**

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**1. Principal activities**

Globe Trade Centre S.A. (the “Company”, “GTC”) was registered in Warsaw on December 19, 1996. The Company’s registered office is in Warsaw at Wołoska 5 Street. The Company owns through subsidiaries, joint ventures and associates commercial and residential real estate companies in Poland, Hungary, Romania, Serbia, Croatia, Ukraine, Slovakia, Bulgaria, Russia and Czech Republic. The Company is developing and leasing or selling space to commercial and individual tenants, through its directly and indirectly owned subsidiaries.

Globe Trade Centre S.A. is the parent company of the capital group Globe Trade Centre (the “Group”).

The Group’s business activities are:

- a) Development and rental of office and retail space and
- b) Development and sale of residential units.

There is no seasonality in the business of the Group companies.

GTC is listed on the Warsaw Stock exchange.

The major shareholder of the Company as of 30 September 2011 is GTC Real Estate Holding N.V., which holds 60,882,815 shares (27.75% of total shares) and has an Effective Control over the Company.

**2. Functional and reporting currencies**

The currency of Polish economy is the Polish Zloty.

The functional currency of GTC is Euro. The functional currency of some of GTC’s subsidiaries is a currency different from Euro.

The financial statements of those companies prepared in their functional currencies are included in the interim condensed consolidated financial statements by translation into Euro using the closing rate method outlined in IAS 21. Assets and liabilities are translated at the period end exchange rate, while income and expenses are translated at average exchange rates for the period. All resulting exchange differences are classified in equity as “Foreign currency translation” without affecting earnings for the period.

**3. Basis of preparation**

The Company maintains its books of account in accordance with accounting principles and practices employed by enterprises in Poland as required by Polish accounting regulations. These interim condensed consolidated financial statements reflect certain adjustments not reflected in the Company's books to present these statements in accordance with standards issued by the International Accounting Standards Board, and the International Financial Reporting Interpretations Committee ("IFRIC").

The interim condensed consolidated financial statements have been prepared on a historical cost basis, except for investment properties, derivative financial instruments that have been measured at fair value.

Certain information and footnote disclosures which in accordance with International Financial Reporting Standards adopted by European Union ("EU") are normally included in annual financial statements, have been condensed or omitted pursuant to International Accounting Standard No. 34, "Interim Financial Reporting" (IAS 34).

This interim condensed consolidated statement of financial position, interim condensed consolidated statement of income statement, interim condensed consolidated statement of comprehensive income, interim condensed consolidated cash flow statement and interim condensed consolidated statement of changes in equity are unaudited. These unaudited interim condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and the notes thereto for the year ended 31 December 2010. The interim financial results are not necessarily indicative of the full year results.

The interim condensed consolidated financial statements have been prepared on the assumption that the Group companies will continue as going concerns in the foreseeable future.

The financial statements of the company describe its business activities as well as financial position, cash flow, liquidity position and borrowing facilities. The company's objectives, policies and processes are aimed at managing its capital and financial and liquidity risks on a sound basis. The company meets its day-to-day working capital requirements through the generation of cash inflow from rental income and sale activity.

The company's financial operations are based on centralized treasury process implemented in the whole capital group. GTC S.A., the parent company manages the capital inflows (other than working capital) from the subsidiaries and makes capital available to the subsidiaries. The management after review of the group's policy and consultations with directors of the subsidiaries, believes that the centralized policy allows for the most effective and elastic management of group's cash flow and shall continue. Support to the subsidiaries, shall be made on the basis of the financing and capital requirements of the subsidiaries taking into account the subsidiaries particular working capital needs.

**3. Basis of preparation (continued)**

The current macroeconomic conditions create uncertainty about market conditions and in particular over the level of demand for company's commercial space and residential units, that may influence the operating costs and the availability of bank finance in the foreseeable future.

As it is described in note 13, except for some facilities, as of 30 September 2011 the Group's entities meet loan covenants and where they do not, the waivers have been obtained or are under discussion.

The management has analyzed the timing, nature and scale of potential financing needs of particular subsidiaries.

The company's consolidated forecasts and projections, taking account of reasonably possible changes in performance and in available resources, show that the Group and its entities should be able to operate in the next 12 months within the level of its current sources. Nevertheless, the company began renewal negotiations with its financing banks. At this stage no matters have been drawn to its attention to suggest that renewal may not be forthcoming on acceptable terms.

Consequently, the management believes that the company has and/or will generate adequate resources to continue the group and its entities' operations in the foreseeable future. Therefore the financial statements for the nine-month period ended 30 September 2011 were prepared on going concern basis.

**Globe Trade Centre S.A.**  
**Notes to the Interim Condensed Consolidated Financial Statements**  
**for the nine-month period ended 30 September 2011**  
**(in thousands of Euro)**

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**3. Basis of preparation (continued)**

Impairment of assets

The carrying value of assets is periodically reviewed by Management to determine whether impairment may exist. Based upon its most recent analysis, management believes that except for the impairment of investment properties, residential projects and goodwill recognized in financial statement, no material impairment of assets exists as of 30 September 2011.

Goodwill impairment is tested at the year end or when indication for impairment arises. Impairment is determined by assessing the recoverable amount of the cash generating unit or group of cash generated units, to which the goodwill relates.

**Globe Trade Centre S.A.**  
**Notes to the Interim Condensed Consolidated Financial Statements**  
**for the nine-month period ended 30 September 2011**  
**(in thousands of Euro)**

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**4. Significant accounting policies, estimates and judgments**

Significant accounting policies

The Polish law requires the Group to prepare its interim condensed consolidated financial statements in accordance with IFRS applicable to interim financial reporting as adopted by EU (IAS 34). At this particular time, due to the endorsement process of the EU, and activities of the Company, there are no differences in the policies applied by the Company between IFRS and IFRS that have been endorsed by the Commission of the European Communities.

The interim condensed consolidated financial statements have been prepared in accordance with IFRS applicable to the interim financial reporting (IAS 34) and all applicable IFRS that have been adopted by EU.

These interim condensed consolidated financial statements are prepared based on the same accounting policies as for the consolidated financial statements of the Company for the year ended 31 December 2010, except for the amendments to existing standards and new regulations that are effective for financial years beginning on or after 1 January 2011.

In 2011, the Company adopted the following new standards, amendments to standards and new interpretations:

- Amendment to IAS 32 “Financial Instruments: Presentation. Classification of Rights Issues” applicable for annual periods beginning on or after February 1, 2010. The amended standard clarifies the classification of rights issues;
- Revised IAS 24 “Related Party Disclosures” applicable for annual periods beginning on or after January 1, 2011. The revised standard simplifies the definition of a related party, clarifies its intended meaning and eliminates inconsistencies from the definition.
- IFRIC 19, "Extinguishing Financial Liabilities with Equity Instruments", effective for annual periods beginning on or after July 1, 2010. This Interpretation addresses the accounting by an entity when the terms of a financial liability are renegotiated and result in the entity issuing equity instruments to a creditor of the entity to extinguish all or part of the financial liability.
- Amendments to IFRIC 14 "Prepayments of a Minimum Funding Requirement", effective for annual periods ending on or after January 1, 2011. The amendments apply in limited circumstances: when an entity is subject to minimum funding requirements and makes an early payment of contributions to cover those requirements. The amendments permit such an entity to treat the benefit of such an early payment as an asset.

**Globe Trade Centre S.A.**  
**Notes to the Interim Condensed Consolidated Financial Statements**  
**for the nine-month period ended 30 September 2011**  
**(in thousands of Euro)**

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**4. Significant accounting policies, estimates and judgments (continued)**

- Amendment to IFRS 1 "Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters", effective for annual periods beginning on or after July 1, 2010. The amendment applies the same transition provisions for first-time adopters as for existing preparers of financial statements included in Amendments to IFRS 7 "Improving Disclosures about Financial Instruments";
- Amendments to IFRS resulting from the annual improvements project, issued in May 2010 and effective for annual periods beginning the earliest on or after July 1, 2010, depending on which IFRS the amendment relates to.

Adoption of other amendments and interpretations listed above did not have any effect on the financial position of the Company's operations.

The following new standards, amendments to standards and interpretations have been issued but are not effective for 2011.

- IFRS 9 "Financial Instruments" applicable for annual periods beginning on or after January 1, 2013. IFRS 9 is the first part of Phase 1 of the Board's project to replace IAS 39. IFRS 9 improves and simplifies the approach for classification and measurement of financial assets compared with the requirements of IAS 39. This standard has not yet been endorsed by the EU;
- IFRS 10 Consolidated Financial Statements – effective for financial years beginning on or after 1 January 2013 – not endorsed by EU till the date of approval of these financial statements,
- IFRS 11 Joint Arrangements – effective for financial years beginning on or after 1 January 2013 – not endorsed by EU till the date of approval of these financial statements,
- IFRS 12 Disclosure of Interests in Other Entities – effective for financial years beginning on or after 1 January 2013 – not endorsed by EU till the date of approval of these financial statements,
- Amendments to IAS 19 Employee Benefits - effective for financial years beginning on or after 1 January 2013 – not endorsed by EU till the date of approval of these financial statements,
- Amendments to IFRS 7 "Disclosures - Transfers of Financial Assets". Amendments to the IFRS are to help users of financial statements evaluate the risk exposures relating to transfers of financial assets and the effect of those risks on an entity's financial position and will promote transparency in the reporting of transfer transactions, particularly those that involve securitisation of financial assets. Entities are required to apply the amendments for annual periods beginning on or after 1 July 2011. The amendments have not yet been endorsed by the EU.

**Globe Trade Centre S.A.**  
**Notes to the Interim Condensed Consolidated Financial Statements**  
**for the nine-month period ended 30 September 2011**  
**(in thousands of Euro)**

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**4. Significant accounting policies, estimates and judgments (continued)**

- Amendments to IAS 12 Income Tax: Deferred Tax: Recovery of Underlying Assets, effective for financial years beginning on or after 1 January 2012. The amendments have not yet been endorsed by the EU.
- Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards: Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters, effective for financial years beginning on or after 1 July 2011. The amendments have not yet been endorsed by the EU.
- IFRS 13 “Fair Value Measurement” applicable for annual periods beginning on or after 1 January 2013. IFRS 13 defines fair value, sets out a framework for measuring fair value and requires disclosures about fair value measurement. IFRS 13 applies to IFRSs that require or permit fair value measurement or disclosures about fair value measurements, except in specified circumstances. This standard has not yet been endorsed by the EU.
- Amendments to IAS 27 reissued as IAS 27 “Separate Financial Statements”, effective for annual periods beginning on or after 1 January 2013. Consolidation requirements previously forming part of IAS 27 (2008) have been revised and are now contained in IFRS 10. The amendments have not yet been endorsed by the EU.
- Amendment to IAS 1 “Presentation of Financial Statements” effective for annual periods beginning on or after 1 January 2012. The amendments require entities to group items presented in Other Comprehensive Income based on whether they are potentially reclassifiable to profit or loss subsequently. The amendments have not yet been endorsed by the EU.
- IAS 28 Investments in Associates and Joint Ventures (Issued 12 May 2011) - effective for financial years beginning on or after 1 January 2013.
- IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine - effective for financial years beginning on or after 1 January 2013 – not endorsed by EU till the date of approval of these financial statements.



**4. Significant accounting policies, estimates and judgments**  
**(continued)**

The Group has not early adopted any other standard, interpretation or amendment that was issued but is not yet effective.

Classification as inventory and residential landbank

The Group classifies its residential inventory to current or non-current assets, based on their development stage within the business operating cycle. The normal operating cycle most cases falls within period of 1-5 years. Residential projects, which are active, are classified as current inventory. Residential projects which are planned to be completed in a period longer than the operating cycle are classified as residential landbank under non-current assets.

**Globe Trade Centre S.A.**  
**Notes to the Interim Condensed Consolidated Financial Statements**  
**for the nine-month period ended 30 September 2011**  
**(in thousands of Euro)**

**5. Investment in Subsidiaries, Associates and Joint Ventures**

The interim condensed consolidated financial statements include the financial statements of the company, its subsidiaries and jointly controlled entities listed below together with direct and indirect ownership of these entities as at the end of each period (the table presents the effective stake):

| Name  | Holding Company | Country of incorporation | 30 September 2011 | 30 September 2010 | 31 December 2010 |
|---|-----------------|--------------------------|-------------------|-------------------|------------------|
| GTC Konstancja Sp. z o.o. ("GTC Konstancja")                        | GTC S.A.        | Poland                   | 100%              | 100%              | 100%             |
| GTC Korona S.A. ("GTC Korona")                                      | GTC S.A.        | Poland                   | 100%              | 100%              | 100%             |
| Globis Poznań Sp. z o.o. ("Globis Poznań")                          | GTC S.A.        | Poland                   | 100%              | 100%              | 100%             |
| GTC Aeropark Sp. z o.o. ("GTC Aeropark")                            | GTC S.A.        | Poland                   | 100%              | 100%              | 100%             |
| GTC Topaz Office Sp. z o.o. ("GTC Topaz Office")                    | GTC S.A.        | Poland                   | 100%              | 100%              | 100%             |
| Globis Wrocław Sp. z o.o. ("Globis Wrocław")                        | GTC S.A.        | Poland                   | 100%              | 100%              | 100%             |
| GTC Galeria Kazimierz Sp. z o.o. ("GTC Galeria Kazimierz") (*)      | GTC S.A.        | Poland                   | 50%               | 50%               | 50%              |
| GTC Nefryt Sp. z o.o. ("GTC Nefryt")                                | GTC S.A.        | Poland                   | 100%              | 100%              | 100%             |
| GTC Satellite Sp. z o.o. ("GTC Satellite")                          | GTC S.A.        | Poland                   | 100%              | 100%              | 100%             |
| GTC Ogrody Galileo Sp. z o.o.<br>Sp. z o.o. (previously GTC Sonata) | GTC S.A.        | Poland                   | 100%              | 100%              | 100%             |
| GTC GK Office Sp. z o.o. ("GTC GK Office")                          | GTC S.A.        | Poland                   | 100%              | 100%              | 100%             |
| Rodamco CH1 Sp. z o.o. ("Rodamco CH1") (*) (**)                     | GTC S.A.        | Poland                   | -                 | 50%               | 50%              |
| GTC Com 1 Sp. z o.o. ("GTC Com 1")                                  | GTC S.A.        | Poland                   | 100%              | 100%              | 100%             |
| GTC Karkonowska Sp. z o.o. (previously GTC Wrocław Office)          | GTC S.A.        | Poland                   | 100%              | 100%              | 100%             |
| GTC Ortal Sp. z o.o. (previously Byrant)                            | GTC S.A.        | Poland                   | 100%              | 100%              | 100%             |
| Diego Sp. z o.o. ("Diego")  | GTC S.A.        | Poland                   | 100%              | 100%              | 100%             |
| GTC Francuska Sp. z o.o. (previously GTC Cyril)                     | GTC S.A.        | Poland                   | 100%              | 100%              | 100%             |
| GTC UBP Sp. z o.o. (previously GTC Com 3)                           | GTC S.A.        | Poland                   | 100%              | 100%              | 100%             |
| GTC Wilason Park Sp. z o.o. (previously GTC Com 4)                  | GTC S.A.        | Poland                   | 100%              | 100%              | 100%             |
| GTC Moderna Sp. z o.o. (previously GTC Com 5)                       | GTC S.A.        | Poland                   | 100%              | 100%              | 100%             |
| CH Wilanow Sp. z o.o. („CH Wilanow") (*)                            | GTC S.A.        | Poland                   | 50%               | 50%               | 50%              |
| Alfa Development Inwestycje sp. z o.o.                              | GTC S.A.        | Poland                   | 100%              | 100%              | 100%             |
| GTC Corius sp. z o.o. (previously Sigma development)                | GTC S.A.        | Poland                   | 100%              | 100%              | 100%             |
| Centrum Światowida sp. z o.o. (**)                                  | GTC S.A.        | Poland                   | 100%              | -                 | -                |
| Światowida Development sp. z o.o. (**)                              | GTC S.A.        | Poland                   | 100%              | -                 | -                |
| Mieszkania Światowida sp. z o.o. (**)                               | GTC S.A.        | Poland                   | 100%              | -                 | -                |
| Omega Development Inwestycje Sp. z o.o.                             | GTC S.A.        | Poland                   | 100%              | 100%              | 100%             |
| Delta Development Inwestycje Sp. z o.o.                             | GTC S.A.        | Poland                   | 100%              | 100%              | 100%             |
| Omikron Development Inwestycje Sp. z o.o.                           | GTC S.A.        | Poland                   | 100%              | 100%              | 100%             |
| GTC Galeria CTWA Sp. z o.o. ("Galeria CTWA")                        | GTC S.A.        | Poland                   | 100%              | 100%              | 100%             |

\* Proportionate consolidation.

\*\* Further described in note 6.

Usunięto: -

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**5. Investment in Subsidiaries, Associates and Joint Ventures (continued)**

| Name   | Holding Company | Country of incorporation | 30 September 2011 | 30 September 2010 | 31 December 2010 |
|--|-----------------|--------------------------|-------------------|-------------------|------------------|
| GTC Hungary Real Estate Development Company Ltd. ("GTC Hungary")             | GTC S.A.        | Hungary                  | 100%              | 100%              | 100%             |
| Budapest Properties B.V.   | GTC Hungary     | Netherland               | -                 | 100%              | -                |
| Budapest Investments B.V.  | GTC Hungary     | Netherland               | 100%              | 100%              | 100%             |
| Budapest Offices B.V.  | GTC Hungary     | Netherland               | 100%              | 100%              | 100%             |
| Vaci Ut 81-85 Kft.   | GTC Hungary     | Hungary                  | 100%              | 100%              | 100%             |
| Riverside Apartments Kft. ("Riverside")                                      | GTC Hungary     | Hungary                  | 100%              | 100%              | 100%             |
| Centre Point I. Kft. ("Centre Point I")                                      | GTC Hungary     | Hungary                  | 100%              | 100%              | 100%             |
| Centre Point II. Kft. ("Centre Point II")                                    | GTC Hungary     | Hungary                  | 100%              | 100%              | 100%             |
| Spiral Holding Kft.  | GTC Hungary     | Hungary                  | 100%              | 100%              | 100%             |
| Spiral I.Kft.  | GTC Hungary     | Hungary                  | 100%              | 100%              | 100%             |
| Spiral II. Kft.  | GTC Hungary     | Hungary                  | 100%              | 100%              | 100%             |
| River Loft Ltd.  | GTC Hungary     | Hungary                  | 100%              | 100%              | 100%             |
| SASAD Resort Kft.  | GTC Hungary     | Hungary                  | 50.1%             | 50.1%             | 50.1%            |
| Albertfalva Kft. ("Szeremi Gate")  | GTC Hungary     | Hungary                  | 100%              | 100%              | 100%             |
| GTC Metro Kft (formerly "Jazmin Ingatlan Kft.")                              | GTC Hungary     | Hungary                  | 100%              | 100%              | 100%             |
| SASAD Resort Offices Kft   | GTC Hungary     | Hungary                  | 100%              | 100%              | 100%             |
| Toborzó Széplak Kft.   | GTC Hungary     | Hungary                  | 100%              | 100%              | 100%             |
| Mastix Champion Kft.   | GTC Hungary     | Hungary                  | 100%              | 100%              | 100%             |
| GTC Renaissance Plaza Kft.   | GTC Hungary     | Hungary                  | 100%              | 100%              | 100%             |
| SASAD II Kft.  | GTC Hungary     | Hungary                  | 50.1%             | 50.1%             | 50.1%            |
| Amarantan Ltd.   | GTC Hungary     | Hungary                  | 100%              | 100%              | 100%             |
| Abritus Kft.   | GTC Hungary     | Hungary                  | 100%              | 100%              | 100%             |
| Immo Buda Kft.   | GTC Hungary     | Hungary                  | 100%              | 100%              | 100%             |
| Szemi Ingatlan Ltd.  | GTC Hungary     | Hungary                  | 100%              | 100%              | 100%             |
| Preston Park Kft.  | GTC Hungary     | Hungary                  | 100%              | 100%              | 100%             |
| GTC Real Estate Investments Ukraine B.V. ("GTC Ukraine")                     | GTC S.A.        | Netherlands              | 90%               | 90%               | 90%              |
| Emerging Investments III B.V.  | GTC S.A.        | Netherlands              | 100%              | 100%              | 100%             |
| GTC Real Estate Management Services Ukraine LLC                              | GTC Ukraine     | Ukraine                  | 90%               | 90%               | 90%              |
| GTC Real Estate Investments Russia B.V. ("GTC Russia", formerly GTC Moldova) | GTC S.A.        | Netherlands              | 100%              | 100%              | 100%             |
| Yatelsis Viborgskaya Limited of Nicosia ("YVL") (*)                          | GTC Russia      | Cyprus                   | 50%               | 50%               | 50%              |
| GTC Development Service Spb  | GTC Russia      | Russia                   | 100%              | 100%              | 100%             |
| OOO Okkerville (*)   | YVL             | Russia                   | 50%               | 50%               | 50%              |
| ZAO Krasny Mayak (*)   | YVL             | Russia                   | 50%               | 50%               | 50%              |
| GTC Real Estate Investments Slovakia B.V. ("GTC Slovakia")                   | GTC S.A.        | Netherlands              | 100%              | 100%              | 100%             |
| GTC Real Estate Developments Bratislava B.V. ("GTC Bratislava")              | GTC Slovakia    | Netherlands              | 70%               | 70%               | 70%              |
| GTC Real Estate Management s.r.o.  | GTC Slovakia    | Slovakia                 | 100%              | 100%              | 100%             |
| GTC Real Estate Park s.r.o.  | GTC Bratislava  | Slovakia                 | 70%               | 70%               | 70%              |
| SPV Opus S.R.O   | GTC Bratislava  | Slovakia                 | 70%               | 70%               | 70%              |
| GTC Jarossova S.R.O  | GTC Bratislava  | Slovakia                 | 70%               | 70%               | 70%              |
| GTC Hill S.R.O   | GTC Slovakia    | Slovakia                 | 70%               | 70%               | 70%              |
| GTC Vinohradis Villas S.R.O  | GTC Slovakia    | Slovakia                 | 70%               | 70%               | 70%              |
| GTC Real Estate Vinohrady s.r.o. ("GTC Vinohrady")                           | GTC Bratislava  | Slovakia                 | 70%               | 70%               | 70%              |
| GTC Real Estate Vinohrady 2 s.r.o. ("GTC Vinohrady 2")                       | GTC Bratislava  | Slovakia                 | 70%               | 70%               | 70%              |

\* Proportionate consolidation.

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**5. Investment in Subsidiaries, Associates and Joint Ventures (continued)**

| Name  | Holding Company                  | Country of incorporation | 30 September 2011 | 30 September 2010 | 31 December 2010 |
|---|----------------------------------|--------------------------|-------------------|-------------------|------------------|
| GTC Real Estate Investments Croatia B.V. ("GTC Croatia")                            | GTC S.A.                         | Netherlands              | 100%              | 100%              | 100%             |
| GTC Nekretnine Zagreb d.o.o. ("GTC Zagreb")   | GTC Croatia                      | Croatia                  | 100%              | 100%              | 100%             |
| Euro Structor d.o.o.  | GTC Croatia                      | Croatia                  | 70%               | 70%               | 70%              |
| Marlera Golf LD d.o.o.  | GTC Croatia                      | Croatia                  | 80%               | 80%               | 80%              |
| GTC Center Point Ltd.   | GTC Croatia                      | Croatia                  | 100%              | 100%              | 100%             |
| Nova Istra Idaeus d.o.o.  | Marlera Golf LD d.o.o.           | Croatia                  | 80%               | 80%               | 80%              |
| GTC Nekretnine Istok d.o.o.   | GTC Croatia                      | Croatia                  | 80%               | 80%               | 80%              |
| GTC Nekretnine Jug. d.o.o.  | GTC Croatia                      | Croatia                  | 100%              | 100%              | 100%             |
| GTC Sredisnja tocka d.o.o.  | GTC Croatia                      | Croatia                  | 100%              | 100%              | 100%             |
| GTC Nekretnine Zapad d.o.o.   | GTC Croatia                      | Croatia                  | 100%              | 100%              | 100%             |
| GTC Real Estate Investments Romania B.V. ("GTC Romania")                            | GTC S.A.                         | Netherlands              | 100%              | 100%              | 100%             |
| Towers International Property S.R.L.  | GTC Romania                      | Romania                  | 100%              | 100%              | 100%             |
| Galleria Shopping Center S.R.L. (formerly "International Hotel and Tourism S.R.L.") | GTC Romania                      | Romania                  | 100%              | 100%              | 100%             |
| Bucharest Properties B.V.   | GTC Romania                      | Netherlands              | 100%              | 100%              | 100%             |
| Green Dream S.R.L.  | GTC Romania                      | Romania                  | 100%              | 100%              | 100%             |
| Titulescu Investments B.V. ("Titulescu")  | GTC Romania                      | Netherlands              | 100%              | 100%              | 100%             |
| Aurora Business Complex S.R.L.  | GTC Romania                      | Romania                  | 71.5%             | 50.1%             | 71.5%            |
| Yasmine Residential Complex S.R.L.  | GTC Romania                      | Romania                  | 100%              | 100%              | 100%             |
| Bucharest City Gate B.V. ("BCG")  | GTC Romania                      | Netherlands              | 58.9%             | 58.9%             | 58.9%            |
| Bucharest City Gate S.R.L.  | BCG                              | Romania                  | 58.9%             | 58.9%             | 58.9%            |
| Mablethompe Investitii S.R.L.   | GTC Romania                      | Romania                  | 100%              | 100%              | 100%             |
| National Commercial Centers B.V.  | GTC Romania                      | Netherlands              | 52%               | 52%               | 52%              |
| Mercury Commercial Center S.R.L.  | GTC Romania                      | Romania                  | 100%              | 84.9%             | 100%             |
| Venus Commercial Center S.R.L.  | National Commercial Centers B.V. | Romania                  | 84.9%             | 84.9%             | 84.9%            |
| Mars Commercial Center S.R.L.   | National Commercial Centers B.V. | Romania                  | 70%               | 70.0%             | 70%              |
| Beaufort Commercial Center S.R.L.   | National Commercial Centers B.V. | Romania                  | 70%               | 70.0%             | 70%              |
| Fajos S.R.L.  | National Commercial Centers B.V. | Romania                  | 70%               | 70.0%             | 70%              |
| City Gate S.R.L.  | Bucharest City Gate B.V.         | Romania                  | 58.9%             | 58.9%             | 58.9%            |
| Brightpoint Investments Limited   | GTC Romania                      | Romania                  | 50.1%             | 50.1%             | 50.1%            |
| Complexul Residential Colentina S.R.L.  | Brightpoint Investments Limited  | Romania                  | 50.1%             | 50.1%             | 50.1%            |
| Cefin Galati Real Estate S.R.L.   | GTC Romania                      | Romania                  | 100%              | 72.2%             | 85%              |
| Operetico Enterprises Ltd.  | GTC Romania                      | Cyprus                   | 66.7%             | 66.7%             | 66.7%            |
| Bucharest Tower Investments B.V.  | GTC Romania                      | Netherlands              | 100%              | -                 | -                |
| Ana Tower Offices S.R.L. (*)  | Bucharest Tower Investments B.V. | Romania                  | 50%               | -                 | -                |
| Deco Intermed S.R.L.  | Operetico Enterprises Ltd.       | Romania                  | 66.7%             | 66.7%             | 66.7%            |
| GML American Regency Pipera S.R.L.  | GTC Romania                      | Romania                  | 66.7%             | 66.7%             | 66.7%            |

\* Proportionate consolidation.

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**5. Investment in Subsidiaries, Associates and Joint Ventures (continued)**

| Name   | Holding Company                   | Country of incorporation | 30 September 2011 | 30 September 2010 | 31 December 2010 |
|--|-----------------------------------|--------------------------|-------------------|-------------------|------------------|
| GTC Real Estate Investments Bulgaria BV („GTC Bulgaria”) | GTC S.A.                          | Netherlands              | 100%              | 100%              | 100%             |
| Galeria Stara Zagora AD                                  | GTC Bulgaria                      | Bulgaria                 | 75%               | 75%               | 75%              |
| Galeria Burgas JSC                                       | GTC Bulgaria                      | Bulgaria                 | 80%               | 100%              | 80%              |
| Galeria Varna JSC  | Galeria Ikonov GmbH               | Bulgaria                 | 65%               | 65%               | 65%              |
| GTC Business Park EAD                                    | GTC Bulgaria                      | Bulgaria                 | 100%              | 100%              | 100%             |
| NRL EAD  | GTC Bulgaria                      | Bulgaria                 | 100%              | 100%              | 100%             |
| Galeria Ikonov GmbH                                      | GTC Bulgaria                      | Austria                  | 65%               | 65%               | 65%              |
| GTC Yuzhen Park EAD (“GTC Yuzhen”)                       | GTC Bulgaria                      | Bulgaria                 | 100%              | 100%              | 100%             |
| GTC Real Estate Investments Serbia B.V. (“GTC Serbia”)   | GTC S.A.                          | Netherlands              | 100%              | 100%              | 100%             |
| City Properties Serbia B.V.                              | GTC Serbia                        | Netherlands              | 100%              | 100%              | 100%             |
| GTC Medj Razvoj Nekretnina d.o.o.                        | GTC Serbia                        | Serbia                   | 100%              | 100%              | 100%             |
| GTC Business Park d.o.o.                                 | GTC Serbia                        | Serbia                   | 100%              | 100%              | 100%             |
| GTC Commercial and Residential Ventures d.o.o.           | GTC Serbia                        | Serbia                   | 100%              | 100%              | 100%             |
| GTC Real Estate Developments d.o.o.                      | GTC Commercial Development d.o.o. | Serbia                   | 95%               | 95%               | 95%              |
| Demo Invest d.o.o  | City Properties Serbia B.V.       | Serbia                   | 100%              | 100%              | 100%             |
| Atlas Centar d.o.o.                                      | GTC Serbia                        | Serbia                   | 100%              | 100%              | 100%             |
| GTC Commercial Development d.o.o.                        | GTC Serbia                        | Serbia                   | 100%              | 100%              | 100%             |

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**5. Investment in Subsidiaries, Associates and Joint Ventures (continued)**

**Investment in Associates**

| Name  | Holding Company     | Country of<br>incorporation | 30<br>September<br>2011 | 30<br>September<br>2010 | 31 December<br>2010 |
|---|---------------------|-----------------------------|-------------------------|-------------------------|---------------------|
| Lighthouse Holdings Limited S.A. ("Lighthouse")     | GTC S.A.            | Luxemburg                   | 35%                     | 35%                     | 35%                 |
| Vokovice BCP Holding S.A. ("Vokovice")              | GTC S.A.            | Luxemburg                   | 35%                     | 35%                     | 35%                 |
| Holesovice Residential Holdings S.A. ("Holesovice") | GTC S.A.            | Luxemburg                   | 35%                     | 35%                     | 35%                 |
| CID Holding S.A. ("CID")                            | GTC S.A.            | Luxemburg                   | 35%                     | 35%                     | 35%                 |
| ND Holdings S.A. ("ND")                             | GTC S.A.            | Luxemburg                   | 35%                     | 35%                     | 35%                 |
| Europort Investment (Cyprus) 1 Limited              | GTC Ukraine         | Cyprus                      | 49,9%                   | 49,9%                   | 49,9%               |
| Europort LTD  | Emerging investment | Israel                      | 10%                     | 10%                     | 10%                 |

**6. Events in the period**

In 2011, the company acquired 100% of the shares of three subsidiaries that owns and co-owns land located in Bialoleka district in Warsaw. The master plan approved for the site allows development of a large retail project. The Company plans , after completing acquisition of some additional land and obtaining relevant administrative decisions, to start on the site construction of a modern shopping centre with net rentable area of approx. 60 000 sqm.

In March 2011, the Company completed Galeria Osijek shopping centre. The shopping centre was opened to the public in April 2011.

On 1 August 2011 the Company signed the final agreement for sale of shares in Rodamco CH1, the owner of the Galeria Mokotow Shopping Center in Warsaw. The sale price of the above mentioned shares was EUR Euro 139.0 million is based on the balance sheet of Rodamco CH1 as of 31 July 2011 and on the agreed value of Galeria Mokotów of EUR 475 million. An expense in amount of Euro 3.5 million, which relates to this transaction, is included within administration expenses.

On September 9, 2011, the Company signed with Erste Group Bank AG a facility for the purpose of refinancing Block 19a office Building's (Belgrade) existing loan. Under the facility agreement, the Erste will fund EUR 30 million. As of the date of these financial statements the borrower is in a process to fulfil condition precedents required under the facility agreement

On September 22, 2011, the Company signed with Erste Group Bank AG a facility for the purpose of refinancing Citigate's existing loan. Under the facility agreement, the Erste will fund EUR 100 million. As of the date of these financial statements the borrower is in a process to fulfil condition precedents required under the facility agreement.

As of 30 September 2011, the Platinum Business Park office buildings, which were recognized so far as Investment Property, are presented as "Assets held for sale", and the related loans and hedges are presented within current liabilities. An amount of Euro 6.0 million representing hedge related to "Asset held for sale" was recognized as expense in the period. (See also note 19 "Subsequent events").

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**7 Revenue from operations**

Revenue from operations comprises the following:

|                     | Nine-month<br>period ended<br>30<br>September<br>2011<br><i>(unaudited)</i> | Nine-month<br>period ended<br>30<br>September<br>2010<br><i>(unaudited)</i> | Three-month<br>period ended<br>30<br>September<br>2011<br><i>(unaudited)</i> | Three-month<br>period ended<br>30<br>September<br>2010<br><i>(unaudited)</i> | Year ended<br>31 December<br>2010 |
|---------------------|---|---|--|--|-----------------------------------|
| Rental revenue      | 75,201  | 72,163  | 25,014   | 24,382   | 97,406                            |
| Service revenue     | 21,662  | 19,975  | 6,659  | 6,501  | 26,714                            |
| Residential revenue | 20,352  | 22,489  | 9,941  | 5,826  | 44,888                            |
|                     | <b>117,215</b>  | <b>114,627</b>  | <b>41,614</b>  | <b>36,709</b>  | <b>169,008</b>                    |

The majority of revenue from operations is earned predominantly on the basis of amounts denominated in, directly linked to or indexed by reference to the euro.

**8 Cost of operations**

Costs of operations comprise the following:

|                   | Nine-month<br>period ended<br>30 September<br>2011<br><i>(unaudited)</i> | Nine-month<br>period ended<br>30 September<br>2010<br><i>(unaudited)</i> | Three-month<br>period ended<br>30 September<br>2011<br><i>(unaudited)</i> | Three-month<br>period ended<br>30 September<br>2010<br><i>(unaudited)</i> | Year ended 31<br>December 2010 |
|-------------------|--|--|---|---|--------------------------------|
| Service costs     | 26,049   | 21,550   | 8,029   | 8,054   | 29,708                         |
| Residential costs | 19,257   | 21,684   | 8,637   | 5,537   | 42,606                         |
|                   | <b>45,306</b>  | <b>43,234</b>  | <b>16,666</b>   | <b>13,591</b>   | <b>72,314</b>                  |



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**9 Segmental analysis**

The Group's operating segments are carried out through subsidiaries that develop real estate projects.

The operating segments are aggregated into reportable segments, taking into consideration the nature of the business, operating markets and other factors. Reportable segments are divided into two main segments:

1. Development and rental of office space and shopping malls ("rental activity") and
2. Development and sale of houses and apartment units ("residential activity").

The activities carried out in the above mentioned operating segments are conducted in the following geographical zones, which have common characteristics:

- a. CE3 countries (Poland and Hungary)
- b. Romania and Bulgaria
- c. Other CEE countries (Serbia, Croatia, Ukraine, Slovakia, and Russia)

Management monitors the operating results of its business units for the purposes of making performance assessment and decision making. Operating segment performance is evaluated based on gross margin from operations.

The resource allocation decisions made by the management are based on analysis of the same segments as for financial reporting purposes.

Segment analysis for the nine-month periods ended 30 September 2011 (unaudited) and 30 September 2010 (unaudited) is presented below:

|                           | Poland and Hungary      |                         | Romania and Bulgaria    |                         | Other countries         |                         | Consolidated            |                         |
|---------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
|                           | 30<br>September<br>2011 | 30<br>September<br>2010 | 30<br>September<br>2011 | 30<br>September<br>2010 | 30<br>September<br>2011 | 30<br>September<br>2010 | 30<br>September<br>2011 | 30<br>September<br>2010 |
| Rental and service income | 63,131                  | 64,419                  | 13,683                  | 7,711                   | 20,049                  | 20,008                  | 96,863                  | 92,138                  |
| Contract income           | 10,105                  | 8,044                   | 5,989                   | 14,445                  | 4,258                   | -                       | 20,352                  | 22,489                  |
| <b>Total income</b>       | <b>73,236</b>           | <b>72,463</b>           | <b>19,672</b>           | <b>22,156</b>           | <b>24,307</b>           | <b>20,008</b>           | <b>117,215</b>          | <b>114,627</b>          |
| Rental and service costs  | 13,149                  | 12,583                  | 7,401                   | 4,245                   | 5,499                   | 4,722                   | 26,049                  | 21,550                  |
| Contract costs            | 8,953                   | 7,497                   | 7,185                   | 14,187                  | 3,119                   | -                       | 19,257                  | 21,684                  |
| <b>Total costs</b>        | <b>22,102</b>           | <b>20,080</b>           | <b>14,586</b>           | <b>18,432</b>           | <b>8,618</b>            | <b>4,722</b>            | <b>45,306</b>           | <b>43,234</b>           |
| Rental and service result | 49,982                  | 51,836                  | 6,282                   | 3,466                   | 14,550                  | 15,286                  | 70,814                  | 70,588                  |
| Contract result           | 1,152                   | 547                     | (1,196)                 | 258                     | 1,139                   | -                       | 1,095                   | 805                     |
| <b>Total result</b>       | <b>51,134</b>           | <b>52,383</b>           | <b>5,086</b>            | <b>3,724</b>            | <b>15,689</b>           | <b>15,286</b>           | <b>71,909</b>           | <b>71,393</b>           |

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**9 Segmental analysis (continued)**

Segment analysis for the three-month periods ended 30 September 2011 (unaudited) and 30 September 2010 (unaudited) is presented below:

|                           | Poland and Hungary |               | Romania and Bulgaria |              | Other countries |              | Consolidated  |               |
|---------------------------|--------------------|---------------|----------------------|--------------|-----------------|--------------|---------------|---------------|
|                           | 30                 | 30            | 30                   | 30           | 30              | 30           | 30            | 30            |
|                           | September          | September     | September            | September    | September       | September    | September     | September     |
|                           | 2011               | 2010          | 2011                 | 2010         | 2011            | 2010         | 2011          | 2010          |
| Rental and service income | 20,522             | 21,442        | 4,591                | 3,035        | 6,560           | 6,406        | 31,673        | 30,883        |
| Contract income           | 6,106              | 3,767         | 2,394                | 2,059        | 1,441           | -            | 9,941         | 5,826         |
| Total income              | <b>26,628</b>      | <b>25,209</b> | <b>6,985</b>         | <b>5,094</b> | <b>8,001</b>    | <b>6,406</b> | <b>41,614</b> | <b>36,709</b> |
| Rental and service costs  | 3,993              | 4,516         | 2,027                | 1,895        | 2,009           | 1,643        | 8,029         | 8,054         |
| Contract costs            | 5,161              | 3,794         | 2,833                | 1,743        | 643             | -            | 8,637         | 5,537         |
| Total costs               | <b>9,154</b>       | <b>8,310</b>  | <b>4,860</b>         | <b>3,638</b> | <b>2,652</b>    | <b>1,643</b> | <b>16,666</b> | <b>13,591</b> |
| Rental and service result | 16,529             | 16,926        | 2,564                | 1,140        | 4,551           | 4,763        | 23,644        | 22,829        |
| Contract result           | 945                | (27)          | (439)                | 316          | 798             | -            | 1,304         | 289           |
| Total result              | <b>17,474</b>      | <b>16,899</b> | <b>2,125</b>         | <b>1,456</b> | <b>5,349</b>    | <b>4,763</b> | <b>24,948</b> | <b>23,118</b> |

Segment analysis for the nine-month period ended 30 September 2011 (unaudited) and year ended 31 December 2010 is presented below:

|                           | Poland and Hungary |               | Romania and Bulgaria |               | Other countries |               | Consolidated   |                |
|---------------------------|--------------------|---------------|----------------------|---------------|-----------------|---------------|----------------|----------------|
|                           | 30                 | 31            | 30                   | 31            | 30              | 31            | 30             | 31             |
|                           | September          | December      | September            | December      | September       | December      | September      | December       |
|                           | 2011               | 2010          | 2011                 | 2010          | 2011            | 2010          | 2011           | 2010           |
| Rental and service income | 63,131             | 86,077        | 13,683               | 11,496        | 20,049          | 26,547        | 96,863         | 124,120        |
| Contract income           | 10,105             | 11,566        | 5,989                | 16,117        | 4,258           | 17,205        | 20,352         | 44,888         |
| Total income              | <b>73,236</b>      | <b>97,643</b> | <b>19,672</b>        | <b>27,613</b> | <b>24,307</b>   | <b>43,752</b> | <b>117,215</b> | <b>169,008</b> |
| Rental and service costs  | 13,149             | 16,600        | 7,401                | 6,863         | 5,499           | 6,245         | 26,049         | 29,708         |
| Contract costs            | 8,953              | 10,815        | 7,185                | 16,127        | 3,119           | 15,664        | 19,257         | 42,606         |
| Total costs               | <b>22,102</b>      | <b>27,415</b> | <b>14,586</b>        | <b>22,990</b> | <b>8,618</b>    | <b>21,909</b> | <b>45,306</b>  | <b>72,314</b>  |
| Rental and service result | 49,982             | 69,477        | 6,282                | 4,633         | 14,550          | 20,302        | 70,814         | 94,412         |
| Contract result           | 1,152              | 751           | (1,196)              | (10)          | 1,139           | 1,541         | 1,095          | 2,282          |
| Total result              | <b>51,134</b>      | <b>70,228</b> | <b>5,086</b>         | <b>4,623</b>  | <b>15,689</b>   | <b>21,843</b> | <b>71,909</b>  | <b>96,694</b>  |

**Globe Trade Centre S.A.**  
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**10     Investment in associates**

The investment in associates comprises the following:

|                                 | 30 September 2011<br>( <i>unaudited</i> ) | 30 September 2010<br>( <i>unaudited</i> ) | 31 December 2010 |
|---------------------------------|---|---|------------------|
| Shares                          | 5,658                                     | 3,780                                     | 5,259            |
| Dividend distribution           | (1,682)                                   |   | -                |
| Translation differences reserve | 511                                       | 150                                       | (90)             |
| Equity profit                   | 6,347                                     | 8,786                                     | 8,045            |
| <b>Investment in shares</b>     | <b>10,834</b>                             | <b>12,716</b>                             | <b>13,214</b>    |
| Loans granted                   | 45,426                                    | 42,315                                    | 43,132           |
| <b>Investment in associates</b> | <b>56,260</b>                             | <b>55,031</b>                             | <b>56,346</b>    |

**11     Investment Property**

The investment properties that are owned by the Group are office and commercial space, including property under construction:

Investment property can be split up as follows:

|  | 30 September 2011<br>( <i>unaudited</i> ) | 30 September 2010<br>( <i>unaudited</i> ) | 31 December 2010 |
|--|---|---|------------------|
| Completed investment Property                        | 1,310,227                                 | 1,517,715                                 | 1,617,397        |
| Investment property under construction at fair value | 183,412                                   | 236,670                                   | 201,223          |
| Investment property under construction at cost       | 284,123                                   | 299,137                                   | 298,989          |
| <b>Total</b>   | <b>1,777,762</b>                          | <b>2,053,522</b>                          | <b>2,117,609</b> |

**Globe Trade Centre S.A.**  
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**11     Investment Property (continued)**

The movement in investment property for the periods ended 30 September 2011 and 2010 and 31 December 2010 was as follows:

|   | Nine-month<br>period ended<br>30 September<br>2011<br>( <i>unaudited</i> ) | Nine-month<br>period ended 30<br>September 2010<br>( <i>unaudited</i> ) | Three-month<br>period ended 30<br>September 2011<br>( <i>unaudited</i> ) | Three-month<br>period ended<br>30 September<br>2010<br>( <i>unaudited</i> ) | Year ended 31<br>December<br>2010 |
|---|--|---|--|---|-----------------------------------|
| Carrying amount at<br>beginning of the year                             | 2,117,609  | 1,971,915   | 1,947,132  | 2,016,937   | 1,971,915                         |
| Additions , including:  |  |   |  |   |                                   |
| Capitalised<br>subsequent<br>expenditure                                | 130,136  | 82,701  | 48,252   | 26,488  | 114,477                           |
| Purchase of shares in<br>subsidiaries and Joint<br>venture (see note 5) | 29,251   | 60,275  | 5,269  | 9,900   | 60,275                            |
| Reversal of<br>impairment   | -  | -   | -  | -   | 2,563                             |
| Adjustment to fair<br>value / impairment                                | (128,795)  | 15,288  | (93,699)   | 2,637   | 44,105                            |
| Reclassified from<br>inventory  | 2,338  | -   | 3,489  | -   | -                                 |
| Disposals   | (237,500)  | -   | (237,500)  | -   | (78,900)                          |
| Reclassified as assets<br>held for sale (*)                             | (134,100)  | (78,900)  | 103,465  | -   | -                                 |
| Translation<br>differences  | (1,177)  | 2,243   | 1,354  | (2,440)   | 3,174                             |
| Carrying amount at<br>the end of the year                               | 1,777,762  | 2,053,522   | 1,777,762  | 2,053,522   | 2,117,609                         |

(\*) As of 30 September 2011, the Platinum Business Park office buildings, which were recognized so far as Investment Property, are presented as "Assets held for sale", and the related loans and hedges are presented within current liabilities. An amount of Euro 6.0 million representing hedge related to "Asset held for sale" was recognized as expense in the period. (See also note 19 "Subsequent events").

**Globe Trade Centre S.A.**  
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**11 Investment Property (continued)**

Fair value adjustment and impairment consists of the following:

|   | Nine-month<br>period ended 30<br>September 2011<br>( <i>unaudited</i> ) | Nine-month<br>period ended 30<br>September 2010<br>( <i>unaudited</i> ) | Three-month<br>period ended 30<br>September 2011<br>( <i>unaudited</i> ) | Three-month<br>period ended 30<br>September 2010<br>( <i>unaudited</i> ) | Year ended 31<br>December<br>2010 |
|---|---|---|--|--|-----------------------------------|
| Fair value of properties<br>completed in prior<br>years | (23,615)  | 18,629  | (18,249)   | 1,920  | 38,161                            |
| Fair value of newly<br>completed properties             | (11,033)  | (8,163)   | (12,077)   | (1,403)  | (4,089)                           |
| Fair value of property<br>under construction            | (38,515)  | 9,481   | (29,873)   | 2,120  | 10,033                            |
| Impairment  | (55,631)  | (4,659)   | (33,499)   | -  | 2,563                             |
| Accruals for<br>transaction expenses                    | (1,800)   | -   | (1,800)  | -  | -                                 |
| Impairment of<br>receivable (see note 17)               | (3,162)   | -   | (3,162)  | -  | -                                 |
| Impairment of goodwill                                  | (2,741)   | -   | (2,741)  | -  | -                                 |
|   | (136,497)   | 15,288  | (101,401)  | 2,637  | 46,668                            |

Assumptions used in the valuations as of 30 September 2011 are, presented on the basis of weighted averages, presented below:

|  | 30 September<br>2011<br>( <i>unaudited</i> ) | 30 September<br>2010<br>( <i>unaudited</i> ) | 31 December<br>2010 |
|--|--|--|---------------------|
| <u>Completed assets</u>  |  |  |                     |
| Average rental rate per sqm (Eur) (*)                            | 16.5   | 20.8   | 19.7                |
| Yield  | 8.0%   | 7.8%   | 7.8%                |
| ERV per sqm (Eur) (*)  | 17.0   | 20   | 19.1                |
| Vacancy  | 13%  | 15%  | 17%                 |
| <u>Assets under construction (only assets at fair<br/>value)</u> |  |  |                     |
| Average yield  | 8.7%   | 9.3%   | 9%                  |
| Average % complete   | 75%  | 56%  | 62%                 |

(\*) Apart from basic rent includes income from parking, ad-on factors, and other income

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Management is following closely the continuation of European debt crisis and impact that it has on European financial markets.

In the second half of 2011, contradictory to earlier expectations and forecasts, the macro economic situation in Europe has worsened further, which resulted in significant deterioration of purchasing power and contraction of consumption of households. Management has observed international retailers stopping their expansion plans and large corporations reducing their work force, in particular in Hungary, Romania, Bulgaria, Slovakia and Croatia.

Our assumptions based on market improvements in early in 2011 that macroeconomic situation will recover have been revised and the expected horizon for such recovery is now uncertain.

Management of GTC has taken a prudent view and took a proactive role in assessing the value of its properties portfolio and landbank in the view of the current macroeconomic environment, applying a at most care to that process. The assessment was supported and confirmed by external valuers.

Management, has conducted a thorough, asset by asset, review of the whole portfolio, in parallel to its decision to focus company's new developments efforts solely in the strongest markets and supporting only these projects in its portfolio, which give strongest mid term upside potential, while reducing the cash allocation towards projects that has a longer term investment horizon.

The above implies re-assessment of the some of GTC's landbank projects development timetable, and rescheduling them to a later stage. This was taken already into account in Q3 valuations.

In addition, in some cases, in view of the decline in consumption and deteriorating of purchasing power, the timetable for stabilization of certain completed and cash generating assets had to be re-assessed, and consequently expectations for stabilized income were deferred.

Management is constantly monitoring its assets and believes that the value of assets as at the end of September 2011 reflects the current macroeconomic climate and expectations, however it has to be acknowledged that macroeconomic conditions are extremely volatile these days and therefore any potential future changes to market value, both positive and negative, cannot be excluded.

## **12     Inventory**

|                                    | 30 September<br>2011<br>( <i>unaudited</i> ) | 30 September<br>2010<br>( <i>unaudited</i> ) | Year ended 31<br>December 2010 |
|------------------------------------|--|--|--------------------------------|
| Opening balance                    | <b>254,196</b>                               | <b>270,848</b>                               | <b>270,848</b>                 |
| Increase                           | 11,509                                       | 23,696                                       | 29,455                         |
| Transfers                          | (2,338)                                      | -  | -                              |
| Write down to net realisable value | (41,240)                                     | -  | (3,501)                        |
| Recognised as cost                 | (19,257)                                     | (21,684)                                     | (42,606)                       |
| <b>Closing balance</b>             | <b>202,870</b>                               | <b>272,860</b>                               | <b>254,196</b>                 |

**Globe Trade Centre S.A.**  
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**13 Long-term loans and bonds**

Long-term loans and bonds comprise the following:

|  | 30 September 2011<br>(unaudited) | 30 September<br>2010<br>(unaudited) | 31 December<br>2010 |
|--|----------------------------------|-------------------------------------|---------------------|
| Bonds seria 0414                                   | 163,221                          | 180,587                             | 181,805             |
| Bonds seria 0412                                   | 18,136                           | 20,065                              | 20,201              |
| Bonds seria 0513                                   | 79,343                           | 87,785                              | 88,377              |
| Loan from Berlin Bank (Rodamco CH1)                | -                                | 101,046                             | 100,593             |
| Loan from Pekao (GTC Galeria Kazimierz)            | 43,002                           | 43,778                              | 43,590              |
| Loan from WBK (Globis Poznan)                      | 16,560                           | 17,067                              | 16,940              |
| Loan from WBK 1 (Galileo)                          | 5,826                            | 6,332                               | 6,248               |
| Loan from WBK 2 (Newton)                           | 10,738                           | 11,041                              | 11,152              |
| Loan from WBK 3 (Edison)                           | 11,939                           | 12,318                              | 12,224              |
| Loan from EUROHYPO (GTC Topaz office)              | -                                | 12,570                              | -                   |
| Loan from BPH Bank (Globis Wroclaw)                | 27,490                           | 28,051                              | 27,914              |
| Loan from ING (Nothus)                             | 17,046                           | 17,406                              | 17,316              |
| Loan from ING (Zefirus)                            | 17,046                           | 17,406                              | 17,316              |
| Loan from ING (Platinum 1)                         | 19,877                           | 20,303                              | 20,196              |
| Loan from ING (Platinum 2)                         | 19,877                           | 20,303                              | 20,196              |
| Loan from Berlin Hyp (Platinum 3)                  | 19,600                           | 19,901                              | 19,800              |
| Loan from ING (Platinum 4)                         | 21,455                           | -                                   | -                   |
| Loan from Eurohypo (Nefryt)                        | -                                | 32,422                              | -                   |
| Loan from WBK (Kazimierz office)                   | 29,019                           | 29,401                              | 29,309              |
| Loan from Pekao (Galeria Jurajska)                 | 108,666                          | 110,788                             | 110,269             |
| Loan from Berlin Hyp (UBP)                         | 27,982                           | 27,886                              | 28,046              |
| Loan from ING (Francuska) 1                        | 25,431                           | 22,630                              | 25,007              |
| Loan from MKB (Centre Point I)                     | 24,852                           | 26,239                              | 25,901              |
| Loan from MKB (Centre Point II)                    | 29,109                           | 30,734                              | 30,328              |
| Loan from CIB (Metro)                              | 22,396                           | 20,628                              | 20,980              |
| Loan from MKB (Spiral)                             | 20,437                           | 21,398                              | 21,254              |
| Loan from Erste (Reinesance)                       | 6,109                            | 6,109                               | 6,109               |
| Loan from MKB (Sasad Resort)                       | 14,714                           | 20,134                              | 18,708              |
| Loan from EBRD and Raiffeisen Bank (GTC House)     | 15,951                           | 17,239                              | 16,879              |
| Loan from EBRD and Raiffeisen Bank (19 Avenue)     | 14,750                           | 15,900                              | 15,613              |
| Loan from EBRD and Raiffeisen Bank (Block 41)      | 21,124                           | 22,574                              | 22,221              |
| Loan from Raiffeisen Bank (Green Dream)            | 3,548                            | 3,372                               | 3,891               |
| Loan from Unicredit (Felicity)                     | 28,583                           | 29,442                              | 28,523              |
| Loan from RZBR (Rose Garden)                       | 21,448                           | 24,029                              | 23,448              |
| Loan from Alpha (Citygate)                         | 78,500                           | 73,397                              | 80,000              |
| Loan from EBRD and Raiffeisen Bank (NCC) 2         | 28,764                           | 31,055                              | 30,619              |
| Loan from EBRD and Raiffeisen Bank (Arad)          | 32,898                           | 8,740                               | 8,743               |
|  | 40,149                           | 44,624                              | 43,868              |
| Loan from MKB and Zagrebacka Banka (Eurostructor)  |                                  |                                     |                     |
|  | 3                                | 18,000                              | 6,247               |
| Loan from EBRD and Raiffeisenbank Austria (Osijek) |                                  | -                                   | -                   |
| Loan from MKB and OTP (Galeria Varna) 4            | 24,980                           | 25,006                              | 25,006              |
| Loan from EBRD and Unicredit (Stara Zagora) 5      | 29,289                           | 23,711                              | 28,894              |
| Loan from EBRD (Burgas)                            | 9,652                            | -                                   | 999                 |
| Loan from VUB Bank (Jarosowa)                      | 2,937                            | -                                   | -                   |
| Loan from Unicredit (Vinyard)                      | 6,411                            | 17,921                              | 18,809              |
| Loans from minorities in subsidiaries              | 118,281                          | 139,023                             | 116,063             |
| Deferred issuance debt expenses                    | (8,644)                          | (11,510)                            | (11,494)            |
|  | <b>1,286,492</b>                 | <b>1,428,851</b>                    | <b>1,378,108</b>    |

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**13 Long-term loans and bonds (continued)**

Long-term loans and bonds have been separated into the current portion and the long-term portion as disclosed below:

|  | 30 September 2011<br>(unaudited) | 30 September<br>2010<br>(unaudited) | 31 December<br>2010 |
|--|----------------------------------|-------------------------------------|---------------------|
| <b>Current portion of long term loans:</b>         |                                  |                                     |                     |
| Bonds seria 0412                                   | 18,136                           | -                                   | -                   |
| Loan from Berlin Bank (Rodamco CH1)                | -                                | 1,436                               | 1,362               |
| Loan from Pekao (GTC Galeria Kazimierz)            | 812                              | 720                                 | 785                 |
| Loan from WBK (Globis Poznan)                      | 507                              | 507                                 | 507                 |
| Loan from WBK 1 (Galileo)                          | 450                              | 448                                 | 457                 |
| Loan from WBK 2 (Newton)                           | 375                              | 330                                 | 337                 |
| Loan from WBK 3 (Edison)                           | 388                              | 318                                 | 384                 |
| Loan from EUROHYPO (GTC Topaz office)              | -                                | 12,570                              | -                   |
| Loan from Berlin Hyp (UBP)                         | 788                              | -                                   | -                   |
| Loan from Pekao (Galeria Jurajska)                 | 2,203                            | 2,077                               | 2,077               |
| Loan from BPH Bank (Globis Wroclaw)                | 596                              | 536                                 | 570                 |
| Loan from ING (Nothus)                             | 360                              | 360                                 | 360                 |
| Loan from ING (Zefirus)                            | 360                              | 360                                 | 360                 |
| Loan from ING (Platinum 1)                         | 19,877                           | 426                                 | 426                 |
| Loan from ING (Platinum 2)                         | 19,877                           | 426                                 | 426                 |
| Loan from Berlin Hyp (Platinum 3)                  | 19,600                           | 400                                 | 400                 |
| Loan from ING (Platinum 4)                         | 21,455                           | -                                   | -                   |
| Loan from WBK (Kazimierz office)                   | 388                              | 384                                 | 386                 |
| Loan from Eurohypo (Nefryt)                        | -                                | 32,422                              | -                   |
| Loan from ING (Francuska)                          | 1                                | 25,431                              | -                   |
| Loan from MKB (Centre Point I)                     | 1,438                            | 1,388                               | 1,400               |
| Loan from MKB (Centre Point II)                    | 1,626                            | 1,626                               | 1,626               |
| Loan from Erste (Reinesance)                       | 6,109                            | -                                   | 6,109               |
| Loan from MKB (Sasad Resort)                       | 14,714                           | 9,886                               | 18,708              |
| Loan from CIB (Metro)                              | 832                              | 1,139                               | 809                 |
| Loan from MKB (Spiral)                             | 3,927                            | 4,275                               | 4,261               |
| Loan from EBRD and Raiffeisen Bank (NCC)           | 2                                | 28,764                              | 1,405               |
| Loan from EBRD and Raiffeisen Bank (GTC House)     | 1,413                            | 1,549                               | 1,574               |
| Loan from EBRD and Raiffeisen Bank (19 Avenue)     | 1,200                            | 1,110                               | 1,163               |
| Loan from EBRD and Raiffeisen Bank (Block 41)      | 1,551                            | 1,415                               | 1,438               |
| Loan from EBRD and Raiffeisenbank Austria (Osijek) | 3                                | 18,000                              | -                   |
| Loan from MKB and OTP (Galeria Varna)              | 4                                | 24,980                              | -                   |
| Loan from EBRD and Unicredit (Stara Zagora)        | 5                                | 29,289                              | 552                 |
| Loan from EBRD (Burgas)                            | -                                | -                                   | 999                 |
| Loan from MKB and Zagrebacka Banka (Eurostructor)  | 5,465                            | 5,068                               | 5,575               |
| Loan from EBRD and Raiffeisen Bank (Arad)          | 3,256                            | 87                                  | 182                 |
| Loan from Alpha (Citygate)                         | 3,000                            | 4,264                               | 2,250               |
| Loan from RZBR (Rose Garden)                       | 4,448                            | 1,696                               | 1,448               |
| Loan from Unicredit (Felicity)                     | 28,583                           | -                                   | -                   |
| Loan from Raiffeisen Bank (Green Dream)            | 3,548                            | 3,372                               | 3,891               |
| Loan from VUB Bank (Jarosowa)                      | 250                              | -                                   | -                   |
| Loan from Unicredit (Vinyard)                      | 6,411                            | 17,921                              | 18,809              |
| Deferred issuance debt expenses                    | (1,557)                          | -                                   | -                   |
|  | <b>318,850</b>                   | <b>110,473</b>                      | <b>83,229</b>       |



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**13 Long-term loans and bonds (continued)**

|  | 30 September<br>2011 (unaudited) | 30 September 2010<br>(unaudited) | 31 December<br>2010 |
|--|----------------------------------|----------------------------------|---------------------|
| <b>Long term portion of long term loans:</b>         |                                  |                                  |                     |
| Bonds seria 0414                                     | 163,221                          | 180,587                          | 181,805             |
| Bonds seria 0412                                     | -                                | 20,065                           | 20,201              |
| Bonds seria 0513                                     | 79,343                           | 87,785                           | 88,377              |
| Loan from Berlin Bank (Rodamco CH1)                  | -                                | 99,610                           | 99,231              |
| Loan from Pekao (GTC Galeria Kazimierz)              | 42,190                           | 43,058                           | 42,805              |
| Loan from WBK (Globis Poznan)                        | 16,053                           | 16,560                           | 16,433              |
| Loan from WBK 1 (Galileo)                            | 5,376                            | 5,884                            | 5,911               |
| Loan from WBK 2 (Newton)                             | 10,363                           | 10,711                           | 10,695              |
| Loan from WBK 3 (Edison)                             | 11,551                           | 12,000                           | 11,840              |
| Loan from BPH Bank (Globis Wroclaw)                  | 26,894                           | 27,515                           | 27,344              |
| Loan from ING (Nothus)                               | 16,686                           | 17,046                           | 16,956              |
| Loan from ING (Zefirus)                              | 16,686                           | 17,046                           | 16,956              |
| Loan from ING (Platinum 1)                           | -                                | 19,877                           | 19,770              |
| Loan from ING (Platinum 2)                           | -                                | 19,877                           | 19,770              |
| Loan from Berlin Hyp (Platinum 3)                    | -                                | 19,501                           | 19,400              |
| Loan from WBK (Kazimierz office)                     | 28,631                           | 29,017                           | 28,923              |
| Loan from Pekao (Galeria Jurajska)                   | 106,463                          | 108,711                          | 108,192             |
| Loan from Berlin Hyp (UBP)                           | 27,194                           | 27,886                           | 28,046              |
| Loan from ING (Francuska) 1                          | -                                | 22,630                           | 25,007              |
| Loan from MKB (Centre Point I)                       | 23,414                           | 24,851                           | 24,501              |
| Loan from MKB (Centre Point II)                      | 27,483                           | 29,108                           | 28,702              |
| Loan from CIB (Metro)                                | 21,564                           | 19,489                           | 20,171              |
| Loan from MKB (Sasad Resort)                         | -                                | 10,248                           | -                   |
| Loan from MKB (Spiral)                               | 16,510                           | 17,123                           | 16,993              |
| Loan from Erste (Reinesance)                         | -                                | 6,109                            | -                   |
| Loan from EBRD and Raiffeisen Bank (GTC House)       | 14,538                           | 15,690                           | 15,305              |
| Loan from EBRD and Raiffeisen Bank (19 Avenue)       | 13,550                           | 14,790                           | 14,450              |
| Loan from EBRD and Raiffeisen Bank (Block 41)        | 19,573                           | 21,159                           | 20,783              |
| Loan from Unicredit (Felicity)                       | -                                | 29,442                           | 28,523              |
| Loan from RZBR (Rose Garden)                         | 17,000                           | 22,333                           | 22,000              |
| Loan from Alpha (Citygate)                           | 75,500                           | 69,133                           | 77,750              |
| Loan from EBRD and Raiffeisen Bank (NCC) 2           | -                                | 29,650                           | 29,181              |
| Loan from EBRD and Raiffeisen Bank (Arad)            | 29,642                           | 8,653                            | 8,561               |
| Loan from MKB and Zagabecka Banka (Eurostructor)     | 34,684                           | 39,556                           | 38,293              |
| Loan from EBRD and Raiffeisenbank Austria (Osijek) 3 | -                                | -                                | 6,247               |
| Loan from MKB and OTP (Galeria Varna) 4              | -                                | 25,006                           | 24,732              |
| Loan from EBRD and Unicredit (Stara Zagora) 5        | -                                | 23,159                           | 26,456              |
| Loan from EBRD (Burgas)                              | 9,652                            | -                                | -                   |
| Loan from VUB Bank (Jarosowa)                        | 2,687                            | 0                                | -                   |
| Loans from minorities in subsidiaries                | 118,281                          | 139,023                          | 116,063             |
| Deferred issuance debt expenses                      | (7,087)                          | (11,510)                         | (11,494)            |
|  | <b>967,642</b>                   | <b>1,318,378</b>                 | <b>1,294,879</b>    |

**Globe Trade Centre S.A.**  
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**13     Long-term loans and bonds (continued)**

In its financing agreements with banks, the Company undertakes to comply with certain financial covenants that are listed in those agreements; the main covenants are: maintaining a Loan-to-Value and Debt Service Coverage ratios in the company that holds the project.

In addition, substantially, all investment properties and IPUC that were financed by a lender have been pledged to secure the long-term loans from banks. The fair value of the pledged assets exceeds the carrying value of the related loans.

As of 30 September, 2011 the borrowing companies meet the financial covenants, unless specified herein:

- (1) Under a loan agreement between the Company and ING Bank for financing of Francuska office building (Katowice), in amount of €25.4 million the Company is required to comply with certain covenants. The covenants relate to LTV and DSCR ratios of the financed project. As a result of not meeting those covenants as of 30 September 2011, the Company classified the loan as a current liability. In October 2011, the Company and the Bank signed an annex to the agreement. According to annex the Company repaid Eur 7.5 mln and obtained a waiver from the covenants for two years.
- (2) With respect to a €28.8 million loans from EBRD and Raiffeissen granted to three subsidiaries (NCC malls, Romania), covenants relating to DSCR ratios of the financed project were not met as of the balance sheet date. As a result, the Company reclassified the loans as a current liability. The Company and the subsidiaries currently conduct discussions with the lending Bank for possible amendments to the loan agreement.
- (3) With respect to a €18.0 million loans from EBRD and Raiffeissen Bank granted to a subsidiary (Avenue Mall Osijek, Croatia), covenants relating to DSCR ratios of the financed project were not met as of the balance sheet date. As a result, the Company reclassified the loan as a current liability. The Company and the subsidiary currently conduct discussions with the Banks for possible amendments to the loan agreement.

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**13     Long-term loans and bonds (continued)**

- (4) With respect to a €25 million loans from MKB and OTP granted to a subsidiary (Varna Mall, Bulgaria), covenants relating to DSCR ratio and time schedule of the financed project were not met as of the balance sheet date. As a result, the Company reclassified the loan as a current liability. The Company and the subsidiary currently conduct discussion with the Banks for possible amendments to the loan agreement.
- (5) With respect to a €29.3 million loans from EBRD and Unicredit granted to a subsidiary (Stara Zagora Mall, Bulgaria), covenants relating to DSCR ratios of the financed project were not met as of the balance sheet date. As a result, the Company reclassified the loan as a current liability. The Company and the subsidiary currently conduct discussions with the lending Banks for possible amendments to the loan agreement.

Save for the standard securities as detailed above, the Banks have a recourse to GTC S.A. in the amount of €91 million.

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**14. Capital and Reserves**

As at 30 September 2011, the shares structure was as follows:

| Number of<br>Shares | Share<br>series | Total<br>value<br>in PLN | Total<br>value<br>in euro |
|---------------------|-----------------|--------------------------|---------------------------|
| 139,286,210         | A               | 13,928,621               | 3,153,995                 |
| 1,152,240           | B               | 115,224                  | 20,253                    |
| 235,440             | B1              | 23,544                   | 4,443                     |
| 8,356,540           | C               | 835,654                  | 139,648                   |
| 9,961,620           | D               | 996,162                  | 187,998                   |
| 39,689,150          | E               | 3,968,915                | 749,022                   |
| 3,571,790           | F               | 357,179                  | 86,949                    |
| 17,120,000          | G               | 1,712,000                | 398,742                   |
| <b>219,372,990</b>  |                 | <b>21,937,299</b>        | <b>4,741,050</b>          |

All shares are entitled to the same rights.

There was no change in the number of shares in the reported period.

In January 2011, GTC Real Estate Holding sold 16.00% of the Company's share capital. In the third quarter of 2011, GTC Real Estate Holding bought 0.6% of the Company's share capital. As of 30 September 2011, GTC Real Estate Holding held 60,882,815 shares, which constitute 27.75% of total shares.

Other shareholders who as at 30 September 2011 held above 5% of the Company shares were as follows:

- ING OFE
- AVIVA OFE BZ WBK (previously Commercial Union OFE BPH CU WBK)

The statutory financial statements of GTC S.A are prepared in accordance with Polish Accounting Standards. Dividends may be distributed based on the net profit reported in the standalone annual financial statements prepared for statutory purposes.

On 5 May 2011, the Company held an annual shareholders meeting. The annual shareholders meeting decided that the profit for the year 2010 presented in the financial statements of Globe Trade Centre S.A. prepared in accordance with the Polish Accounting Standards shall be presented under Retained earnings.

Reserves are created based on provisions of the Polish Code of commercial companies.

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**14. Capital and Reserves (continued)**

Phantom shares

Certain key management personnel are entitled to the Company Phantom Shares.

The Phantom Shares grant the entitled persons a right for a settlement from the Company in the amount equal to the difference between the average closing price for the Company's shares on the Warsaw Stock Exchange during the 30-day period prior to the date of delivery to the Company of the exercise notice, and settlement price ("strike") amount per share (adjustable for dividend).

The expense recognized during the period is shown below:

|  | Nine-month<br>period<br>ended 30<br>September<br>2011<br>(unaudited) | Nine-month<br>period<br>ended 30<br>September<br>2010<br>(unaudited) | Three-month<br>period ended<br>30<br>September<br>2011<br>(unaudited) | Three-month<br>period ended<br>30<br>September<br>2010<br>(unaudited) | Year ended<br>31 December<br>2010 |
|--|--|--|---|---|-----------------------------------|
| Expenses arising from equity settled<br>share based payments | 730  | 172  | 272   | (276)   | 1,980                             |
| Expenses arising from cash settled share<br>based payments   | (2,275)  | -  | (2,871)   | -   | 4,174                             |
|  | <b>(1,545)</b>   | <b>172</b>   | <b>(2,599)</b>  | <b>(276)</b>  | <b>6,154</b>                      |

Scheme 1- As at 30 September 2011, phantom shares issued were as follows:

| Grant Date (*) | Lst.Ex.Date | Strike (PLN/share) |                | Total units      |
|----------------|-------------|--------------------|----------------|------------------|
|                |             | 18.15              | 22.50          |                  |
| 17/03/2009     | 31/12/2012  | 1,200,000          | 700,000        | 1,900,000        |
| 17/03/2009     | 31/12/2014  | 225,000            | 225,000        | 450,000          |
| 05/01/2009     | 31/12/2015  | 1,104,000          |                | 1,104,000        |
| <b>Total</b>   |             | <b>2,529,000</b>   | <b>925,000</b> | <b>3,454,000</b> |

(\*) Original grant date was 2007; however in 2009 there were changes in the scheme

The Phantom shares (as presented in above mentioned table) have been provided for assuming equity payments will be effected, as the Company assesses that Scheme 1 is more likely to be settled in equity.

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**14. Capital and Reserves (continued)**

Scheme 2- As at 30 September 2011, phantom shares issued were as follows:

| Grant Date   | Lst.Ex.Date | Strike (PLN/share) |                  |                | Total units      |
|--------------|-------------|--------------------|------------------|----------------|------------------|
|              |             | 20.00              | 22.00            | 22.50          |                  |
| 15/08/2010   | 31/12/2013  | -                  |                  | 100,000        | 100,000          |
| 29/11/2010   | 30/06/2014  | -                  | 621,000          | -              | 621,000          |
| 15/11/2010   | 31/12/2014  | -                  | 2,992,000 (*)    | -              | 2,992,000 (*)    |
| 29/11/2010   | 31/12/2014  | -                  | 1,125,000        | -              | 1,125,000        |
| 09/11/2010   | 31/12/2015  | 200,000            |                  | -              | 200,000          |
| 29/11/2010   | 31/12/2015  | -                  | 2,062,000        | -              | 2,062,000        |
| 13/07/2011   | 31/12/2016  | -                  | 300,000          | -              | 300,000          |
| <b>Total</b> |             | <b>200,000</b>     | <b>7,100,000</b> | <b>100,000</b> | <b>7,400,000</b> |

The Phantom shares (as presented in above mentioned table) have been provided for assuming cash payments will be effected, as the Company assesses that Scheme 2 is more likely to be settled in cash.

(\*) In October 2011, a key management personnel has forgiven 2,992,000 phantom options with a fair value of Euro 939 thousand.

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**15. Earnings per share**

|  | <u>Nine-month period ended 30</u><br><u>September</u> |                                   | <u>Three-month period ended 30</u><br><u>September</u> |                                   | <u>Year ended</u><br><u>31 December</u> |
|--|---|-----------------------------------|--|-----------------------------------|---|
|  | <u>2011</u><br><i>(unaudited)</i>                     | <u>2010</u><br><i>(unaudited)</i> | <u>2011</u><br><i>(unaudited)</i>                      | <u>2010</u><br><i>(unaudited)</i> | <u>2010</u>                             |
| Profit for the period attributable to shareholders (Euro)                    | (157,966,000)   | 16,677,000                        | (131,733,000)  | 7,973,000                         | 41,936,000                              |
| Weighted average number of shares for calculating basic earnings per share   | 219,372,990   | 219,372,990                       | 219,372,990  | 219,372,990                       | 219,372,990                             |
| Basic earnings per share (Euro)  | (0.72)  | 0.08                              | (0.60)   | 0.04                              | 0.19                                    |
| Weighted average number of shares for calculating diluted earnings per share | 219,372,990   | 219,978,551                       | 219,372,990  | 220,033,372                       | 220,031,748                             |
| Diluted earnings per share (Euro)  | (0.72)  | 0.08                              | (0.60)   | 0.04                              | 0.19                                    |

|  | <u>Nine-month period ended 30</u><br><u>September</u> |                                   | <u>Three-month period ended 30</u><br><u>September</u> |                                   | <u>Year ended</u><br><u>31 December</u> |
|--|---|-----------------------------------|--|-----------------------------------|---|
|  | <u>2011</u><br><i>(unaudited)</i>                     | <u>2010</u><br><i>(unaudited)</i> | <u>2011</u><br><i>(unaudited)</i>                      | <u>2010</u><br><i>(unaudited)</i> | <u>2010</u>                             |
| Weighted average number of shares for calculating basic earnings per share   | 219,372,990   | 219,372,990                       | 219,372,990  | 219,372,990                       | 219,372,990                             |
| Adjustment for phantom shares  | -   | 605,561                           | -  | 660,382                           | 658,758                                 |
| Weighted average number of shares for calculating diluted earnings per share | 219,372,990   | 219,978,551                       | 219,372,990  | 220,033,372                       | 220,031,748                             |

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**16. Proportionate consolidation**

The Company proportionally consolidated assets and liabilities where it has joint control (see note 5).

The Company's interest in the companies comprises the following:

|                                   | <b>30 September<br/>2011<br/>(unaudited)</b> | <b>30 September<br/>2010<br/>(unaudited)</b> | <b>31 December<br/>2010</b> |
|-----------------------------------|--|--|-----------------------------|
| Cash                              | 3,089  | 9,026  | 11,298                      |
| Non current assets                | 149,832                                      | 335,373                                      | 345,869                     |
| Current assets (other than cash)  | 2,114  | 3,067  | 3,407                       |
| Long term liabilities             | (110,107)                                    | (232,969)                                    | (233,703)                   |
| Current liabilities               | (1,641)                                      | (5,429)                                      | (5,707)                     |
| <b>Net assets</b>                 | <b>43,287</b>                                | <b>109,068</b>                               | <b>121,164</b>              |
| Income (1)                        | 77,643                                       | 29,663                                       | 46,839                      |
| Expenses (1)                      | (16,814)                                     | (15,431)                                     | (22,207)                    |
| <b>Profit for the year/period</b> | <b>60,829</b>                                | <b>14,232</b>                                | <b>24,632</b>               |

(1) Includes profit (loss) from revaluation

(2) As of 31 July 2011, the Company finalized the sale of Rodamco CH1.

**17. Prepayments, deferred expenses and other receivables**

The company impaired an amount of €3.2 million related to a sale of a property in previous years.



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**18. Restatement**

The Company reclassified cash flow resulted from change in deposits in amount of Euro 0.5 million and (1.9) million, which was presented in the period ended 30 September 2010 in Investing Activity and Operating Activity into Financing Activity.

**19. Subsequent events**

On 17 October 2011 GTC has signed Head of Terms with Allianz Group, ("AREG"), regarding sale of Platinum Business Park in Warsaw, which consist of four completed buildings, one building under construction ("building No.5") and a site with building permit for another building ("building No.6"). Signing of the final agreement is subject to satisfactory due diligence of AREG and approval of Allianz Group's Investment Committee and GTC's Supervisory Board. Potential sale of the buildings 5 and 6 is dependent on the achieved leasing and construction thresholds. The Buildings' final price will reflect an investment yield of 6.7% on the net operating income of each building (please see note 6).

In October 2011, the Company completed and opened to the public Galeria Arad shopping centre in Romania.

In October 2011, a key management personnel has forgiven 2,992,000 phantom options with a fair value of Euro 939 thousand.

**20. Other**

The interim condensed consolidated financial statements were authorised for the issue by the Management Board on 9 November 2011